



Five Myths About the MidCat

MidCat will not solve the energy crisis

Reloaded



OBSERVATORI DEL DEUTE
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INTRODUCTION

The invasion of Ukraine and the energy crisis have reopened the debate on the European Union's high dependence on fossil fuels from Russia. The response from the European Commission has been to create the REPowerEU plan with the objectives of diversifying the range of energy-provider countries, saving energy and deploying renewable energies.

REPowerEU emerges against the backdrop of a **double crisis: the climate crisis and dependence on Russia**, with the second seen as more pressing than the first. This has facilitated the resurgence of fossil gas infrastructure, such as the MidCat, the third gas interconnector between Spain and France. This pipeline has a planned capacity of 7.5 bcm (billions of cubic metres, the unit used in gas transport and consumption), which accounts for practically 20% of all fossil gas consumed in the Spanish state in 2021¹, and 4% of the imports of Russian fossil gas by the European Union in the same year².

The **plan enables the financing, with public funds, of energy infrastructure which will be exempted from having to comply with the principle of do not causing significant damage to the environment**, should these help achieve its objectives. The main proposed funding mechanism is the NextGeneration EU fund, through the drafting of a new chapter of the Member States' Recovery and Resilience Plans.

TIMELINE

Between November 2010 and March 2011, an initial 88km stretch was built between Martorell and Hostalric that has not yet entered into operation, with an investment of 95 million euros. **Between 2011 and 2015, Enagás received more than 32 million euros in funding for investment**, operations, maintenance and availability costs³.

In 2013, the project was baptized the Martorell-Figueres pipeline, and was intended to connect these two locations. In 2015, following the Madrid Declaration, the Spanish and French governments agreed to expand the scope of this pipeline to connect the regions of Catalonia and Midi, renaming it the Mid-Cat. In 2017, the project was converted into a network of gas pipelines of more than 1,200 km between the Spanish state and France, with the original pipeline renamed the Southern Transit East Pyrenees (STEP).

Year	Name	Length
2013	Martorell - Figueres pipeline	160 km
2015	MidCat (Midi-Catalonia)	227 km
2017	MidCat STEP (Southern Transit East Pyrenees)	1,250 km 227 km

Table 1: History of changes in the scope and name of the MidCat project

¹ CORES web site: <https://www.cores.es/en/estadisticas>

² BP Statistical Review of World Energy 2022: <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2022-full-report.pdf>

³ Resolution INF/DE/0155/14 National Markets and Competition Commission (CNMC): <https://www.cnmc.es/sites/default/files/3201417.pdf> [Spanish]

The MidCat project was included in the first three editions of the list of Projects of Common Interest (PCI)⁴ (2013, 2015 and 2017), until January 2019, when the Spanish and French energy regulators - the National Markets and Competition Commission (CNMC) and the Energy Regulatory Commission (CRE) - rejected the request for investment presented by Enagás and Teréga, the companies promoting the project⁵. The inclusion of the MidCat project in the PIC list would have allowed it access to government funding to ease bureaucracy and cover up to 50% of its budget.

CURRENT POLITICAL DEBATE

In recent months, various proposals for the MidCat project have circulated in political spaces, with little clarity and transparency about plans to reactivate it.

From the outset, the Government of Catalonia has supported the proposal which, at the end of February, was put forward by the employers' association Foment⁶. It held promotional events throughout March and April in Barcelona⁷ and Berlin⁸, with **Germany positioned to become the main beneficiary of the construction of the MidCat**. In contrast, the position of the Spanish government has changed in recent months. At first opposed to the project, at the beginning of April it opened up to the possibility of supporting it were it to be financed with European funds, since the countries in Central and Northern Europe would end up as the main beneficiaries⁹. The governing PSOE party ratified its support in May in a vote in Congress¹⁰, despite opposition from their coalition partners Unidas Podemos. In June, the energy minister Teresa Ribera stated that France was willing to build the MidCat¹¹, although it has not yet said so publicly.

Infraestructuras: Interconexiones REPowerEU

Estos proyectos están en fase de propuesta y aprobación por parte de los reguladores europeos. Cuando el proceso concluya, la compañía los incorporará a sus proyecciones



Figure 1: Possible gas interconnectors financed via REPowerEU and included in the Enagás Strategic Plan 2022-2030. Source: Enagás

⁴ Web site Projects of Common Interest (PCI): https://energy.ec.europa.eu/topics/infrastructure/projects-common-interest_en

⁵ Joint Decision of the National Markets and Competition Commission (CNMC) and the Energy Regulatory Commission (CRE): <https://www.cnmc.es/novedades/2019-01-22-la-cnmc-y-la-cre-acuerdan-rechazar-la-solicitud-de-inversion-de-la-nueva> [Spanish]

⁶ Article from El Economista: <https://www.eleconomista.es/catalunya/noticias/11641587/02/22/Foment-del-Treball-pide-resucitar-el-gasoducto-Midcat-como-alternativa-europea-a-Rusia.html> [Spanish]

⁷ Article from Europa Press: <https://www.europapress.es/eseuropa/noticia-comision-europea-aragones-reclama-comision-europea-declare-midcat-proyecto-interes-comunitario-20220407142214.html?> [Spanish]

⁸ Article from Naiz: <https://www.naiz.eus/eu/info/noticia/20220317/aragones-defiende-en-alemania-la-construccion-del-gasoducto-midcat-como-alternativa-al-gas-ruso> [Spanish]

⁹ Article from Economía Digital: <https://www.economiadigital.es/economia/teresa-ribera-pide-a-la-union-europea-que-financie-el-gasoducto-midcat-entre-espana-y-francia.html> [Spanish]

¹⁰ Article from El Confidencial: https://www.elconfidencial.com/economia/2022-05-12/el-gobern-se-divide-por-el-midcat-psoe-y-pp-pactan-apoyarlo-y-unidas-podemos-vota-en-contra_3423637/ [Spanish]

¹¹ Article from Eldiario.es: https://www.eldiario.es/economia/ribera-ve-francia-dispuesta-construya-gasoducto-midcat-entienden-hacer-lo_1_8966064.html [Spanish]

In mid-July, **Enagás published its Strategic Plan for 2022-2030¹², in which it presented the MidCat gas pipeline**, the Barcelona-Livorno submarine gas pipeline, and a third interconnector with Portugal as essential ventures in meeting the objectives of the REPowerEU plan.

In mid-August, the German Chancellor brought the MidCat back to the table, receiving the support of the Spanish government¹³ and a rebuff from the French government¹⁴. Two weeks later, the French Government indicated its willingness to study the project¹⁵ and the European Commission, to finance it with public money¹⁶. A few days later, President Emmanuel Macron appeared to rule this out again¹⁷, and the European Commission stepped back from any commitment to funding¹⁸. By the end of September, the French government once again indicated its willingness to engage in dialogue with the Spanish state and Germany, but not to begin construction in the immediate future, preferring instead to posit the project as a long-term solution¹⁹. A few days later, four leaks, attributed to a sabotage, were detected in the Nord Stream 1 and 2 pipelines²⁰. To date, the facts surrounding these leaks have not been established. In any case, the main route for importing fossil gas to Germany is inoperative until further notice.

FIVE MYTHS ABOUT THE MIDCAT

Below are some of the myths about the MidCat project first highlighted in the 2018 "MythCat" report²¹ which remain relevant today, given the arguments by government and the business sector in favour of its construction, and taking into account the current energy crisis accentuated by the invasion of Ukraine.

1. MidCat is necessary for the security of gas supply

The MidCat project will almost double gas interconnection capacity between the Spanish state and France, from 8.5 bcm to 14.5 bcm. Nevertheless, its contribution to the security of gas supply in Europe will be very small, accounting for only 4% of Russian fossil gas imports by the European Union in 2021.

2. MidCat is necessary for the diversification of gas supplies

This strategy is relatively meaningless in that all the other Member States with coastline have regasification plants, except Germany, Denmark, Latvia, Estonia, Albania and Cyprus, where projects have been projected or are already under construction. In total, 21 regasification plants have already been built, 6 of which are being expanded, and a further 10 are planned or under construction²².

The Spanish state continues to position itself as a hub for fossil gas, as it is the Member State with the greatest regasification capacity in the European Union. The oversizing of Spanish gas infrastructure has meant that, in the last decade, regasification plants have been operating at below 45%²³. This is the reason behind plans to take advantage of the push for regasification to transport fossil gas to central and northern Europe²⁴.

¹² Presentation of the 2022-2030 Enagás Strategic Plan: https://www.enagas.es/content/dam/enagas/en/files/accionistas-e-inversores/informacion-economica-financiera/informes-resultados-presentaciones/informacion-publica-periodica/PPT_Enagas_PlanEstrategico_vDef_EN.pdf

¹³ Article from Eldiario.es: https://www.eldiario.es/economia/scholz-apuesta-gasoducto-portugal-traves-espana-francia_1_9238214.html [Spanish]

¹⁴ Article from Público: <https://www.publico.es/sociedad/francia-cuestiona-nuevo-gasoducto-espana-no-responderia-crisis-actual.html> [Spanish]

¹⁵ Article from Público: <https://www.publico.es/internacional/francia-cambia-postura-y-abre-estudiar-proyecto-del-gasoducto-midcat.html> [Spanish]

¹⁶ Article from 20 Minutos: https://www.msn.com/en-us/noticias/internacional/la-comisi-c3-b3n-europea-se-abre-a-pagar-el-midcat-y-presentar-c3-a1-nuevas-medidas-el-14-de-se-set-donde-estudia-el-tope-de-precios/ar-AA11ITql?utm_source=pocket_mylist [Spanish]

¹⁷ Article from Público: <https://www.publico.es/internacional/macron-vuelve-rechazar-midcat-asegura-no-falta-nuevas-interconexiones-gas-espana.html> [Spanish]

¹⁸ Article from Público: <https://www.publico.es/internacional/europa-rechaza-financiar-gasoducto-midcat.html> [Spanish]

¹⁹ Article from El Español: https://www.lespanol.com/mundo/europa/20220928/francia-no-descarta-midcat-negociara-espana-viability/706679665_0.html [Spanish]

²⁰ Article from Reuters: <https://www.reuters.com/business/energy/mystery-gas-leaks-hit-major-russian-undersea-gas-pipelines-europe-2022-09-27>

²¹ Report "MythCat: Debunking the Glory of the MidCat Gas Pipeline between France and Spain": <https://odg.cat/en/publication/mythcat/>

²² Global gas infrastructure tracker: <https://globalenergymonitor.org/projects/global-gas-infrastructure-tracker/tracker/>

²³ CORES web site: <https://www.cores.es/en/estadisticas>

²⁴ Article from Eldiario.es: https://www.eldiario.es/economia/espana-acepta-nuevo-plan-ue-razar-gas-cortes-rusia_1_9199926.html [Spanish]

The significant import capacity of Spanish regasification plants (68 bcm) therefore discredits the need to construct new gas interconnections for the diversification of the supply of fossil gas in Europe. In addition, the two gas pipelines connecting the Spanish State and France have operated, in recent years, transferring fossil gas from north to south and at 50% of their capacity.

3. Gas prices will fall thanks to MidCat

Given the energy crisis and the rise in the price of fossil gas, one of the priorities for governments and the European Commission is to find ways to reduce prices. MidCat will not help to reduce the price of fossil gas, and its construction may even mean a rise in prices for consumers in France and Spain.

A study into the economic viability of the Midcat project commissioned by the European Commission and undertaken by Poyry in 2017²⁵ showed that an increase in prices in France could occur due to the change in the direction of the flow, as previously indicated. Meanwhile, in the Spanish state, price rises for consumers could be caused by the inclusion of construction and maintenance costs in gas bills fixed-terms.

There are other cases which have seen the Spanish general public forced to pay illegitimate debts, such as the allocation of the costs of the El Musel regasification plant²⁶ and the Castor storage facility²⁷, which has not yet entered into operation, as well as the 1 billion euro tariff deficit which arose following optimistic forecasts made by Enagás during 2000 decade.

4. MidCat is promoted by companies working for the 'common interest'

The companies that promote the MidCat project, Enagás and Teréga, are both judge and jury in the planning of gas infrastructures in the European Union. They are Transmission Systems Operators (TSOs) and, therefore, are able to plan and operate gas pipelines and regasification plants in the Spanish state and part of France²⁸. As TSOs, they are also part of the European Network of Transmission System Operators of Gas (ENTSO-G), which is the body responsible for drawing up the list of Projects of Common Interest and determining what infrastructure is necessary to ensure the proper functioning of the European fossil gas transmission network.

Bearing in mind the role of Enagás in the planning and ownership of the fossil gas transportation infrastructures - and that gas system regulations in the Spanish state allow it to charge for operational, maintenance and availability costs associated with these infrastructures - Enagás cannot be considered a company working for the common interest.

It should also be noted that, as the Fossil Gas Transmission Systems Operator in the Spanish state, Enagás levies a fee for coordinating the entire gas system and contributing to the continuity and security of the supply of fossil gas. At the beginning of 2020, together with the CNMC, a new method for calculation was agreed upon which guaranteed additional earnings of between 26.2 and 27.2 million euros per year between 2021 and 2023²⁹. This is levied on consumers through tolls and fees by transport companies, distributors and the Operator itself.

5. The MidCat will transport hydrogen

Hydrogen is an energy vector promoted by European and national governments as a future replacement for fossil gas. As part of the energy transition, its use is posited in industrial processes that require greater levels of energy intensity. It is not, however, a green solution: like any energy vector, it needs a source of energy to produce it, of which there are several possible candidates. Currently more than 95% of hydrogen is produced using fossil fuels, with less than 1% produced using renewable energy (green hydrogen)³⁰.

²⁵ Article from La Marea: <https://www.lamarea.com/wp-content/uploads/2018/04/Report-gas-pipeline-La-Marea.pdf>

²⁶ Report INF/DE/065/22 National Markets and Competition Commission (CNMC): <https://www.cnmc.es/sites/default/files/4159118.pdf> [Spanish]

²⁷ Castor Case website: <https://casocastor.net/castor-case/>

²⁸ Report "Who Owns All the Pipelines?": <https://odg.cat/en/publication/who-owns-pipelines/>

²⁹ Resolution CIR/DE/01/20 National Markets and Competition Commission (CNMC): <https://www.cnmc.es/prensa/circular-1-2020-retribucion-Enagas-GTS-20200116> [Spanish]

³⁰ Report "Hydrogen: the new panacea?": <https://odg.cat/en/publication/hydrogen-new-panacea/>

New gas infrastructure, such as the MidCat, must be 'hydrogen ready'. In other words, they must be able to transport hydrogen without having to convert it. So far, hydrogen has only been transported using blending, mixing it with fossil gas in very low proportions of less than 5%. The fact that hydrogen has not yet been transported in large quantities through gas pipelines, and that its physico-chemical characteristics increase leakage and corrosion, does not paint a favourable picture of the MidCat as a conduit for transporting hydrogen.

Should new gas infrastructure be 'hydrogen ready', the companies spearheading it stand to benefit from billions of euros in public money through the NextGeneration EU fund. **In the Spanish state, 1.56 billion euros will be allocated through the España Puede Plan for the financing of the Spanish Hydrogen Roadmap³¹.**

It should be noted that oil and gas companies are behind the promotion of hydrogen and intend to finance their own energy transition through public funds provided to deal with the climate crisis³². The MidCat was put forward for inclusion in the European Hydrogen Backbone by Enagás³³ after the French and Spanish energy regulators stepped back from investment in January 2019. This initiative aims to create a European network of hydrogen pipelines, and is headed by 14 Gas Transmission System Operators from different Member States.

IMPACTS ON LOCAL AREAS

The construction of the first section left a breach 88 kilometres long and 25 metres wide, crossing forests and other protected areas. **Local ecologists reported that the work carried out resulted in soil and water contamination, with serious impact on ecosystems.** They also reported that Enagás' restoration plan has been almost non-existent, as it has not carried out monitoring of the deforested area for the last 11 years.



Image: La Directa archive

³¹ Hydrogen Roadmap: https://energia.gob.es/es-es/Novidades/Documents/hoja_de_ruta_del_hidrogeno.pdf [Spanish]

³² Report "Hijacking the recovery through hydrogen": <https://odg.cat/en/publication/report-hijacking-the-recovery-through-hydrogen/>

³³ European Hydrogen Backbone presentation: https://ec.europa.eu/info/sites/default/files/energy_climate_change_environment/events/presentations/05.04_mf34_presentation-european_hydrogen_backbone-muthmann.pdf

³⁴ Plataforma Resposta a MidCAT Manifesto: <https://gasoducte.blogspot.com/p/formulari-per-ladhesio-dentitats.html> [Catalan]

This led to the founding of the **Plataforma Resposta a MidCAT** (MidCat Response Platform)³⁴, which brought together citizenship, platform and local organizations from the areas in which construction had already taken place, as well as those which the rest of the pipeline is scheduled to pass through. In early September, the platform held a press conference³⁵ at which it publicly rejected the construction of the MidCat.

Their demands focused on:

- 1) Divestment from fossil industry infrastructure
- 2) Divestment from an extractivist energy model which has serious consequences for the Global South
- 3) Introduction of degrowth policies to reduce emissions and promote the transition to renewables and a reduction in consumption
- 4) Acceptance of current and future technical and technological limitations
- 5) Avoidance of the destruction of local areas and their biodiversity.

IMPACTS ON THE CLIMATE

Despite the climate crisis, the European Union continues to hedge its bets on fossil gas as a means of responding to energy needs by diversifying the countries from which it gets its fossil fuel supplies. It is necessary to take into account that the principal fossil gas component is methane, a greenhouse gas 86 times more harmful than CO₂. The emission of one kilogram of methane is the equivalent of emitting 86 kilograms of CO₂. This strategy puts the climate objectives of the Paris Agreement at risk, as well as those of the Fitfor55 strategy, approved by the European Commission itself and which seeks to reduce CO₂ emissions by 55% by 2030 and achieve climate neutrality by 2050³⁶. Furthermore, **gas infrastructure has a lifetime of between 30 and 50 years**, and it is estimated that another seven years would be needed for completion of the MidCat project³⁷. This means that it should be in operation until 2060 to be profitable.

It should be noted that one of the leading new suppliers of fossil gas to the European Union will be the United States of America, which signed a Memorandum of Understanding for energy security at the end of March³⁸. The United States has committed to providing 15 bcm during 2022, and 50 bcm until 2030, almost a third of the Russian fossil gas imported by the European Union over 2021. This notwithstanding, the United States was the largest exporter of fossil gas by vessel to Spain between 2019³⁹ and 2021⁴⁰. In addition, since last February, it has become the main overall exporter of fossil gas to the Spanish state, ahead of Algeria⁴¹.

U.S. fossil gas is obtained through fracking, a technique more aggressive than the conventional methods, and one which results in greater climatic and environmental impacts, such as water pollution. The latter is a consequence of the methane leaks as that occur in the extraction wells, causing molecules to become mixed with the water and creating difficulties in their capture. However, leaks do not only occur during extraction, but also at other stages of the supply chain, such as processing, transportation, and distribution. It has been estimated that, if the leaks occurring throughout the supply chain are greater than 3%, there is no significant climate benefit in using fossil gas when compared to coal.

³⁵ Plataforma Resposta a MidCAT Press release 08/09/2022: <https://gasoducte.blogspot.com/2022/09/comunicat-de-la-plataforma-resposta-al.html> [Catalan]

³⁶ Fitfor55: <https://www.consilium.europa.eu/en/policies/green-deal/fit-for-55-the-eu-plan-for-a-green-transition/>

Article from Bloomberg: https://www.bloomberg.com/news/articles/2022-09-01/eu-skeptical-on-plan-for-iberian-gas-pipeline-to-france?utm_source=pocket_mylist

³⁷ Memorandum of Understanding between the United States of America And the European Union on energy security: https://ec.europa.eu/commission/presscorner/detail/en/statement_22_2041

³⁸ Gas System Report 2019: <https://www.enagas.es/content/dam/enagas/es/ficheros/sala-de-comunicacion/publicaciones/informe-sistema-gasista/historico/Informe-sistema-gasista-2019.pdf> [Spanish]

³⁹ Gas System Report 2021: <https://www.enagas.es/content/dam/enagas/es/ficheros/sala-de-comunicacion/publicaciones/informe-sistema-gasista/Informe-sistema-gasista-2021.pdf> [Spanish]

⁴⁰ Article from Europa Press: <https://www.europapress.es/economia/energia-00341/noticia-eeuu-consolida-principal-exportador-gas-natural-espana-bajan-177-compras-rusia-20220311144051.html> [Spanish]

In the case of fossil gas transported by vessel from the United States to the Spanish state, a leak rate of up to 8% may be expected⁴². If United States is to become the main exporter of fossil gas to the Spanish state, the consequences for the climate supposed by fracking, and the leaks of methane throughout the supply chain, will mean not only that the MidCat project will not contribute to mitigation of the climate crisis, but will instead aggravate it.

CONCLUSIONS

The MidCat pipeline has returned to the political debate against the backdrop of an energy crisis accentuated by the invasion of Ukraine. Prioritizing the construction of fossil gas infrastructure in this context has meant shifting the goalposts on government objectives and measures design to deal with climate change and the energy transition.

All the signs point to a failure to take environmental, climatic and financial impacts into account, and that the MidCat will fail to meet its objectives insofar as:

- 1) The project is not necessary for the security nor diversification of fossil gas supply
- 2) It will not help drop energy prices
- 3) The companies promoting it are not acting in favour of the common interest
- 4) It has not been demonstrated that it can transport hydrogen. In addition, it will cause huge damage to the environment and biodiversity in the local areas which it passes through

Due to the lack of transparency regarding the way in which the MidCat negotiations have been conducted, we do not have all the information about the project at our disposal. It is therefore appropriate to consider the following questions:

- 1) How much will the MidCat cost?
- 2) Will it be paid for using public money?
- 3) If the project becomes obsolete in a few years, will the citizens have to pay for it?

In any case, the short-term profits will end up in the hands of Enagás, given that it will be able to finance the project through public funds under the auspices of the energy transition, taking advantage of current political interests.



Imagen: Plataforma Resposta Midcat

⁴² Report "Is Natural Gas a Friend of the Climate?": <https://odg.cat/en/publication/natural-gas-climate/>