

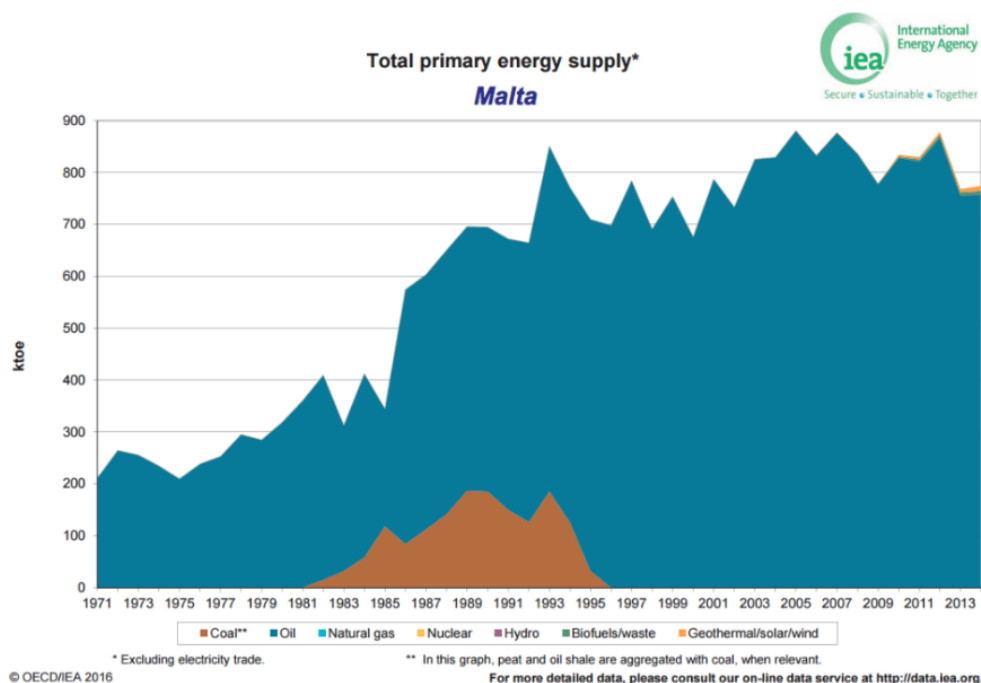
MALTA

KEY FACTS:

- Since January 2017, LNG is imported to Malta via a floating LNG terminal.
- Plans to develop new gas infrastructures (One LNG FSRU and one gas interconnection with Italy) have received PCI status.
- Renewables production rose sharply since 2007, and solar and wind energy potential is high.

1. GAS DEMAND & SUPPLY

Alongside Cyprus, Malta was until 2017 the only EU country without access to gas. Most of Malta’s energy needs were covered instead by oil. In 2013, the fossil fuel generation mix on average consisted of 88% heavy fuel oil and 12% gasoil. Since 2007, there has been a sharp rise in renewable energy production, almost entirely from solar energy, **still, renewable energy is a very low share** of the energy consumed in Malta.¹ In January 2017, the Floating Storage Unit (FSU) Armada LNG Mediterraneana started importing gas. The unit is foreseen to operate until 2035 and feed a gas plant on the island.²



2. GAS INFRASTRUCTURE

The “Armada LNG Mediterraneana” liquefied natural gas (LNG) vessel, and floating storage unit (FSU), is an interim solution for the next few years to provide Malta with gas. In 2017, the main suppliers were Trinidad and Tobago (65.3%), Equatorial Guinea (20.9%) and the United States (8.0%).³

For this purpose, a **new gas-fired power plant** (shareholders are Siemens, Azerbaijan state-owned Socar Trading and privately-owned Maltese GEM Holdings) was built at Delimara (see image above).⁴ The floating LNG terminal that was built under a 300 million euro contract⁵ and is foreseen to operate for 18 years. A Delimara 4 plant is planned and consortium of eight international banks has signed a financing agreement for the project in 2018, providing about €450 million.⁶

¹ <http://mra.org.mt/wp-content/uploads/2012/07/216/Maltas-Annual-Report-2014-3.pdf>

² <https://www.lngworldnews.com/malta-in-lng-first/>

³ <https://ec.europa.eu/eurostat/cache/infographs/energy/bloc-2c.html>

⁴ <http://www.naturalgasworld.com/malta-lng-storage-ship-arrives-32079>

⁵ <https://www.lngworldnews.com/picture-of-the-day-malta-gets-second-lng-cargo/>

⁶ <https://www.ipjournal.com/news/ipptoday-126-malta-s-delimara-4-power-plant-reaches-us-540-million-financial-close>

For the medium term, Malta is planning to have a **more permanent gas infrastructure**, with the support of the EU via its **list of Projects of Common Interest (PCI)**.⁷

- **The Melita TransGas Pipeline** is a ~160km gas interconnector between Sicily (Gela) and Delimara (Malta) with an annual capacity of **2bcm/y** intended for the importation of natural gas from the Italian gas network and to connect Malta to the broader European Gas network.⁸ Studies for this pipeline already received ~4 million € via CEF,⁹ however, with the existing FSU able to import more gas than Malta needs, a 2bcm pipeline is costly (~€342 million)¹⁰ and hugely oversized, considering that the islands population only makes up around 440,000 inhabitants.
- On the other hand, discussions around a possible **floating LNG Storage and Re-gasification Unit (FSRU), with a 2bcm/y import capacity** and a 180,000m³ LNG storage capacity,¹¹ providing gas after the 18 year contract for the current FSU would run out became silent and this project did not form part of the 3rd PCI list or apply for the 4th list.

While the isolation of Malta in the EU context should not be underestimated constructing a whole new fossil fuel infrastructure within an EU country seems deeply problematic at a time when all Member States should urgently start organizing their fossil fuel phase-out. Planning to build gas import infrastructure for a total of 4bcm/y (equivalent to the annual consumption of the three Baltic countries) is totally unreasonable for a country which until recently did not consume any gas at all and should have taken the chance to leapfrog to renewables instead. It is not surprising to know that with the newly arrived FRSU unit (expected to run for 18 years), there are already some doubts about the commercial viability of and need for the interconnector project.¹²

These plans are totally incompatible with EU climate objectives, make very little economic sense and literally contribute to creating a new fossil fuel lock-in. This is why these projects should be stopped. Budgets allocated to them should instead go to sustainable and renewable energy sources and to energy efficiency technologies.

In 2018, evidence appeared proving that the EU Commission approved of an energy deal with Azerbaijan's Socar which might make Maltese tax payers lose tens of millions of Euros a year. In a deal with Azerbaijan's state-owned oil and gas company Socar **Malta** then agreed to import all the gas needed to supply its power stations for the next 10 years.¹³



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⁷ https://ec.europa.eu/energy/sites/ener/files/documents/5_2%20PCI%20annex.pdf

⁸ <https://circabc.europa.eu/ui/group/3ba59f7e-2e01-46d0-9683-a72b39b6decd/library/c82e32da-71a1-440a-8d14-4311f99a6970/details>

⁹ <https://www.energywateragency.gov.mt/news/melita-transgas-pipeline-awarding-of-contracts/>

¹⁰ <https://circabc.europa.eu/webdav/CircaBC/Energy/13%20Regional%20Meetings/Library/2019%20May%207-8%20RGs%20meetings%20gas/ NSI%20West.pdf>

¹¹ <http://www.gie.eu/index.php/maps-data/lng-map>

¹² <http://www.timesofmalta.com/articles/view/20161011/local/malta-sicily-gas-pipeline-just-plans-on-a-drawing-board.627654>

¹³ <https://www.theguardian.com/world/2018/apr/25/malta-azerbaijan-energy-deal-losing-money-claim-experts>