bp, Iberdrola and Enagás analyse the development of the largest green hydrogen project in the Valencian Region

- This project would be located at the bp refinery in Castellón, where the partners would build a 20 megawatt (MW) electrolyser powered by renewable energy produced, among other sources of generation, by a 40 MW photovoltaic plant.

- In subsequent phases, the electrolysis capacity could be increased to 115 MW, which would make it the largest hydrogen project in the refining sector in Spain.

- This project would reduce the refinery's emissions by up to 24,000 tonnes of CO_2 per year, helping in the decarbonisation of the region's industrial corridor.

Madrid, 28 April 2021. bp, Iberdrola and Enagás have reached an agreement to study the development of the first phase of the largest green hydrogen production project in the Valencian Community, which would be developed at bp's plant in Castellón.

The purpose of this agreement is to assess the installation of a 20 megawatt (MW) electrolyser for the generation of green hydrogen on land owned by bp in the El Serrallo industrial estate. The electrolyser would run on renewable energy produced by a 40 MW photovoltaic plant and by other sources of generation.

The bp refinery in Castellón is the largest producer and consumer of hydrogen in the Autonomous Community of Valencia. This new project would make it possible to replace grey hydrogen —which the refinery uses in its processes to produce biofuels— with green hydrogen. This would reduce CO_2 emissions by up to 24,000 tonnes per year, thus having a major impact on decarbonising the plant.

The idea is also for the project to explore additional value-added uses for the green hydrogen produced, such as supplying it to the heavy transport sector and contributing to the decarbonisation of other energy-intensive industries in the area.

A project for the future

The 20 megawatt (MW) electrolyser could start operating in 2023, with an investment of approximately 90 million euros. In subsequent phases, the electrolysis capacity could be increased to 115 MW, making it the largest green hydrogen generation project in the refining sector in Spain and the most ambitious one in the Autonomous Community of Valencia.

In addition to the electrolyser, the project could be an incentive to draw estimated additional investment of around 70 million euros in new renewable energy facilities, to make a significant contribution to the economy and industry of the area, and creating high quality, value-added jobs.

bp, Iberdrola and Enagás: firm commitment to decarbonisation

Through this collaboration, bp, Iberdrola and Enagás would further develop their respective strategies for decarbonising the industrial and transport sectors in the Autonomous Community of Valencia, a region where the three companies have deep roots.

In the words of Carlos Barrasa, Chairman of bp España, "*through this project bp steps up its commitment to hydrogen as a fuel of the future. Hydrogen is set to play a pivotal role in the decarbonisation of the energy, industry and transport sectors, especially those that are difficult or expensive to electrify. This is therefore another step forward in bp's strategy to*

transform itself into an integrated energy company, as well as in bp España's ambition to lead the country's energy transition, so that it can become a European centre for the production and distribution of energy with a low-carbon footprint".

Ángeles Santamaría, CEO of Iberdrola España, said that "*we have the opportunity to be leaders in this technology, which will help to deliver on our commitment towards climate neutrality, by operating in sectors that are difficult to decarbonise, and boosting a sector with enormous potential for the creation of industry and jobs. The alliance between companies committed towards transforming their production processes and companies such as Iberdrola, with the capacity to generate and supply green energy, together with a chain of suppliers and incentives from European funds, will contribute to advancing the technological maturity of green hydrogen and turn it into a competitive solution for the medium-term decarbonisation of industry and heavy transport".*

In the words of Marcelino Oreja, the CEO of Enagás, "*this initiative fits perfectly with the criteria followed by the projects promoted by Enagás: that they contribute to decarbonisation and a fair and inclusive transition, that they are drivers throughout their value chain, that they help the development of Spanish industry and that they generate sustainable employment. It is essential for companies, administrations and institutions to work together for these projects to become a reality, and this is a clear example of joint collaboration*".

The initiative, which has the support of important local, regional, state and international public and private institutions, is aligned with the Green Hydrogen Strategy of the Autonomous Community of Valencia, as well as with the Hydrogen Roadmap of the Ministry for Ecological Transition and the Demographic Challenge. It is also part of the call for European Next Generation Funds, so it is an excellent example of its partners' commitment towards further decarbonisation of the economy.

About bp

bp's purpose is to reimagine energy for people and the planet. Its goal is to be a net-zero emissions company by 2050, or sooner, and to help the world achieve net-zero emissions. It has announced its strategy to meet this ambition and has set clear and traceable short-, medium- and long-term climate goals and targets.

bp sees hydrogen as playing an important role in its strategy to achieve its goal of zero net emissions and to create long-term value for its shareholders. It aims to capture 10% of the clean hydrogen market by 2030 in major markets, as well as building positions in green and blue hydrogen in the USA, the UK, Europe, China and Australia.

About Enagás

Enagás is an energy company with 50 years' experience in the development, operation and maintenance of energy infrastructure, and which operates in eight countries. The company is an independent TSO certified by the European Union.

Enagás is firmly committed to decarbonisation and has pledged to be carbon neutral by 2040. The company has brought down its emissions by 63.2% between 2014 and 2020 through implementing over 50 specific projects aimed at improving energy efficiency. It is also promoting 55 renewable gas projects (34 green hydrogen and 21 biomethane) with more than 50 partners. These projects could mobilise a total combined investment of around 6.3 billion euros.

Enagás, together with several partners, has officially opened the first hydrogen plant in Spain for long-range fuel cell electric vehicles, as well as other initiatives which are already up and running. Green Hysland in Mallorca is another

example of a green hydrogen project at an advanced stage. This project, which replicates the complete green hydrogen chain and all its uses on a small scale, is the first initiative of its kind by a Mediterranean country which has been selected for European funding.

The company is the world leader in its sector in the Dow Jones Sustainability Index (DJSI), according to the latest edition of this index, through its commitment to sustainability and decarbonisation. It also received the highest score so far in Spain from S&P Global Ratings for ESG (environmental, social and governance criteria) in all sectors.

About Iberdrola

Iberdrola is one of the world's most important energy companies, a leader in renewables, and a key player in the energy transition towards a low-emission economy. A beacon in the fight against climate change, it has put over 120,000 million euros into building a sustainable energy model, based on solid environmental, social and governance (ESG) principles, over the last two decades. With emissions of 98CO2/kWh, which are already two-thirds lower than the European average, the strategy of investing in clean energy and networks will lead Iberdrola to be a “carbon neutral” company in Europe by 2030.

The company has submitted 150 initiatives to the Next Generation EU programme, which would mobilise investments of 21.0 billion euros and involve more than 350 small and medium-sized companies in Spain. Fifty-three of these projects are associated with green hydrogen, with investments of 2.50 billion euros to achieve an annual production of 60,000 tonnes/year.

All these projects would generate 45,000 jobs/year and economic growth of more than 1.5% of GDP. They would improve competitiveness and the balance of payments —by between 500 million and 1.0 billion euros/year— and make a positive impact on the demographic challenge, since more than 7.0 billion euros are earmarked for rural areas.

Iberdrola is currently developing several green hydrogen projects, which can be used to decarbonise industry and transport or heavy mobility, in Spain and the United Kingdom. These include the largest green hydrogen plant for fertiliser production in Europe. This plant, for Fertiberia, will be opened this year in Puertollano.