

Israel Takes Big Step Toward Energy Independence

After four years of exploration and drilling, as well as a \$3.5 billion investment, Israel announced Saturday that the Tamar offshore gas field has finally come online, a move government officials say will diminish Israel's dependency on foreign gas imports.

Tamar is believed to have reserves of up to 238 billion cubic meters (8.4 trillion cubic feet). Discovered in 2009, the field, which lies some 130 kilometers (81 miles) west of Haifa, is jointly owned by American company Noble Energy and three Israeli firms: Delek, Isramco and Dor Alon.

Prime Minister Benjamin Netanyahu said in a statement on Saturday that the event marked "an important day for Israel's economy."

The Energy and Water Resources Ministry confirmed that "natural gas is now moving from the Tamar reservoir to a new naval production rig across from Ashdod, from where it will within 24 hours reach an absorption station in Ashdod."

Energy and Water Resources Minister Silvan Shalom said, "This is Israel's energy independence day. It is truly a historic event – Israel has received energy freedom."

Delek Group owner Yitzhak Tshuva was quoted by Agence France-Presse as saying: "This is a very proud day for all of us. Our vision has become a reality. This is a tremendous achievement for the Israeli energy market and the beginning of a new era."

International Relations, Intelligence and Strategic Affairs Minister Yuval Steinitz, who—while serving as finance minister in Netanyahu's previous government—promoted legislation that paved the way for offshore drilling in Israel, said, "Pumping

natural gas from Tamar will not only afford Israel clean and cheap energy, but it will also yield the state considerable revenue.”

The royalties the three Tamar partners will pay the state and Israel’s potential natural gas exports are expected to yield some 450 billion shekels (about \$123 billion) in state revenue over the next 25 years, AFP said.

Israel generates approximately 40 percent of its electricity from natural gas and until 2012, Egypt provided much of those needs. That supply, however, was constantly interrupted in the wake of the Egyptian revolution, as the pipeline connecting the two countries was repeatedly blown up by terrorists. Cairo canceled its gas supply agreement with Israel in April 2012, claiming the terms of the deal were undermining Egypt’s interests.

Despite the fact that Tamar has come online, domestic electricity prices are not expected to drop. Israel Electric Corp. announced that its plan for a 6.5% price hike, slated for mid-April 2013, still stands. Tamar’s gas supplies are expected to affect the domestic consumers’ power bill in 2015 at the earliest.

Energy experts said that Tamar has the ability to meet Israel’s energy needs for decades and it is expected to save the market about 13 billion shekels (\$3.6 billion) a year; as well as create thousands of new jobs and promote Israel’s position in the world energy market.

Israel’s second offshore gas field, Leviathan, which has yet to come online, is twice the size of Tamar, AFP said. It is believed to contain 450 billion cubic meters (some 15.9 trillion cubic feet) of natural gas. Once online, Leviathan has the potential to make Israel a key player in the world energy market.

The Energy and Water Resources Ministry estimated in 2012 that

once Tamar and Leviathan are both fully operational, Israel would be able to export some 53% of its natural gas.