

Egypt agrees to restart gas exports Lebanon, flows could start in early 2022

Egypt has agreed to resume gas supplies to Lebanon following a 10-year hiatus in a move to boost the crisis-ridden country's electricity supply. The gas will be exported via Syria and Jordan but repair work on the 10 Bcm/year Arab Gas Pipeline (AGP) will be required before exports can commence.

Energy ministers from Egypt, Lebanon, Syria and Jordan agreed during a meeting in Amman this week to draw up a plan to resume gas supplies to Lebanon from Egypt and supply electricity from Jordan to address Lebanon's power shortages.

According to plans, Egypt will supply gas to the 450 MW Deir Ammar power plant although no specific timetable was given. The gas will be transported through the AGP which transits Syria and Jordan. Egypt first began exporting gas to Lebanon via the pipeline in 2009, but stopped exports in 2011 due to declining domestic production.

Justin Dargin, a MENA energy expert at the University of Oxford told Gas Matters Today that Egyptian pipeline exports to Lebanon could begin around the first or second quarter of 2022 "if the parties seek to resolve Lebanon's energy crisis expeditiously."

However, repair work to the AGP will be necessary, Dargin noted. AGP had experienced significant sabotage since the Arab Spring unrest in 2011, but, by 2018, the Egyptian government managed to resume gas exports to Jordan after several new fields were brought online in Egypt.

On the Syrian side, however, the damage that occurred to the pipeline during the civil war requires repairs. Moreover, the pipeline connection to Tripoli has not been in operation since the early 2010s, Dargin noted.

"Therefore, it does need to be refurbished and repaired to make certain that gas flows would remain unimpeded. If the political will is present, that could be done in several months," Dargin said.

A number of large gas discoveries in recent years means Egypt is in a position to export surplus gas. However, the situation may change by the middle of the decade as the government drives domestic gas use and gas production declines, meaning additional imports from Israel and potential imports from Cyprus could be needed.

Egypt's gas production is expected to increase by ~9% year-on-year to hit 7.2 Bcf/d over the 2021-2022 fiscal year, the country's Petroleum Ministry said earlier this year.

Egypt is expected to become one of the top ten LNG exporters within the next two years, said

Dargin, noting that Egypt's gas production has significantly increased since the discovery of the giant Zohr field in 2015 and incremental production from the Atoll and West Nile Delta fields. Egypt finally returned to natural gas self-sufficiency 2019.

"However, while Egypt's current production profile looks favorable, the government would likely need to begin promoting renewable energy and energy efficiency policies at some point to meet domestic demand if it seeks to become a major gas exporter for the long term," said Dargin.

He said there are also geostrategic issues in operation regarding why Egypt is seeking to supply Lebanon with gas.

"Egypt wants to play its traditional role as one of the regional Arab powerhouses and support Lebanon in its energy and political crisis," said Dargin. "Additionally, Egypt can reduce any potential Iranian gas exports by supplying Lebanon, thereby decreasing its influence- and Hezbollah's- over Lebanon."

As for Lebanon, the country is battling an economic crisis, power cuts and inadequate infrastructure.

"Even when the gas arrives, there will be some domestic issues that have to be resolved, including investment in Lebanon's inefficient power generation infrastructure," said Dargin. - AW



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