

NewMed advances renewables ambition after agreeing JV with compatriot Enlight

Israeli oil and gas firm NewMed Energy – formerly Delek Drilling – has advanced its goal of becoming a renewables player after penning a memorandum of understanding (MoU) with compatriot Enlight Energy. Under the terms of the agreement, the parties have agreed to establish a joint venture to develop renewable energy projects across the Middle East and North Africa.

NewMed disclosed the signing of the MoU to the Tel Aviv Stock Exchange (TASE) on Monday, with the firm – owning stakes in Israel’s main gas fields, Leviathan and Tamar – lining up investments in renewables projects.

Under the term sheet, the firms will set up a JV, which NewMed CEO Yossi Abu will also take a stake in.

“Abu’s inclusion in the ownership structure recognizes his unique experience and vast network of relationships he has forged in recent years across the region as CEO of NewMed Energy. The partnership will be owned 66.7% by Enlight-Abu and 33.3% by NewMed Energy. Enlight-Abu will be owned 70% by Enlight and 30% by Yossi Abu,” NewMed said.

The JV will develop, finance, construct and operate renewable energy projects in Morocco, the United Arab Emirates, Bahrain, Oman, Saudi Arabia, Egypt and Jordan, according to NewMed. Projects will include solar, wind and energy storage.

Neither party disclosed how much capital the JV will invest in renewables projects.

Commenting on the MoU with Enlight, Abu said: “We are implementing our strategic plan and, as we announced merely six months ago – entering the renewable energy industry. NewMed Energy is an innovative and leading energy entity, and just as we have brought the gas revolution to the countries of the region, so we will strive to bring the renewable energy revolution, together with our partner, Enlight Energy.”

NewMed’s proposed shift into the renewables sector has been enabled by changes to TASE regulations – which enable gas partnerships to invest in green energies.

“In light of the new regulation and as a natural continuation of being a leading energy partnership, NewMed Energy’s board of directors made a strategic decision, subject to the required approvals, to participate in the efforts for decarbonization through exploring and investing in major projects of renewable energy in attractive regions globally,” NewMed notes on its website.

NewMed has stated on its website that it intends to mainly look at developing solar and energy

storage projects in the renewables space.

For Enlight, it gets to partner with a bigger player – NewMed has a market cap of ILS 10.94 billion (USD 3.3 billion), compared to Enlight’s ILS 7.9 billion.

Enlight has launched several projects – including wind projects in Croatia, Serbia, Kosovo, Israel and Sweden. The firm has also launched a solar project in Hungary.

‘Tectonic shift’

NewMed and Enlight’s proposed push to launch renewables projects across the Middle East comes amid improving relations between Israel and Arab nations.

“Over the past several years, there has been a tectonic shift in the relationship between Israel and the Arab world, led by Saudi Arabia and its allies, that culminated with the Abraham Accords,” Justin Dargin, a MENA energy expert at the University of Oxford, told Gas Matters Today.

Dargin noted that the UAE has been a “first mover”, penning several investment agreements with Israel.

“There are several reasons for the warming of ties. Iran’s attempt to expand its arc of influence is the central issue that pushed these somewhat unlikely bedfellows together. Overall, there is a feeling among Arab policymakers that the several decades of Israeli-Arab conflict have borne little fruit and that it is time to engage in trade and economic cooperation,” Dargin said.

The MENA energy expert expects Saudi Arabia to welcome large-scale Israeli investments, however Dargin warned investments by Israeli firms could be targeted by extremists.

“My view is that outside of the UAE (which has been somewhat aggressive in promoting Emirati-Israeli ties), large-scale Israeli investments will be increasingly welcomed in Saudi Arabia, while Bahrain and other Arab countries in the Saudi orbit will follow its Saudi lead,” Dargin said.

“Lastly, suffice it to say, it is likely that noticeable Israeli energy sector-or otherwise-investments in the Arab world could eventually become targets for extremist activity as the various Islamist groups already have targeted Western companies and state-owned energy companies across the Arab world. These groups could play upon the generalized anti-Israeli sentiment to attempt to build support,” the MENA energy expert concluded. - ET