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The Great Sea Interconnector: Prospects for an Electrical Cable Connecting Greece, Cyprus, and Israel

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EXECUTIVE SUMMARY: In recent years, energy security has become a central issue for many countries, not least those that suffer from political and energy isolation. The Iron Swords War has greatly sharpened Israel's need for a solution to the problem of damage to, or shortages in, electricity supply in times of crisis. The close relationship that has developed over the past decade between Israel, Greece and Cyprus enables and encourages projects of this kind. One project that has been on the table in recent years is an electrical cable that would connect the three countries. This is an ambitious and expensive project with quite a few question marks regarding its practicality. However, under the circumstances, it is essential to move this strategic issue from policy statements to action. It is time to make decisions and allocate budgets to take advantage of the political opportunity provided by the Israeli-Cypriot-Greek triangle to come up with the kind of energy solution Israel urgently needs.

The idea of connecting the power grids of Greece, Cyprus, and Israel has been on the table for over a decade. The basic motivation was that because Israel and Cyprus are essentially energy islands, it is in their interests (for different, though similar, reasons) to create an energy connection between them that can help in emergency situations when one of the countries cannot supply all its electricity needs on its own. From the Cypriot point of view, the explosion at the Mari power plant in Cyprus in 2011 made clear that new forms of energy connectivity were

needed that could provide backup in the event of a serious malfunction. Israel and Cyprus saw the Greek angle as essential and self-evident for reasons both practical and political.

Many meetings on the political and professional level have taken place between Israel and Cyprus, and in all of them, the countries emphasized their interest in promoting an energy connection. Late last March, the Cypriot Minister of Energy visited Israel; after that, an Israeli delegation, including the Director General of the Ministry of Energy, the chairman of the electric company, and the director of the Noga company visited Cyprus. At those meetings, both parties stressed that they agree to "promote the cooperation between the countries and work for the accelerated completion of the submarine electric cable project between them".

In March 2021, a memorandum of understanding was signed between the then energy ministers of the two countries. As long ago as November 2011, during a visit of Israeli President Shimon Peres and then-Minister of Energy Uzi Landau, the countries agreed to establish an Israeli-Greek-Cypriot tripartite working group to cooperate on the electricity sector. Very little has been done since.

The plan is to connect the power grids by laying an underwater power cable for about 330 km to connect Israel and Cyprus. The cable's depth would be able to reach 2,300 meters and it is expected to allow two-way electricity flow with a capacity of up to 2000MW. The cable would be added to the one that connects Cyprus to the island of Crete, and from there to Greece.

For now, it seems that the connection between Greece and Cyprus is progressing, with the Greeks the driving force. The project received a new and attractive name – The Great Sea Interconnector – instead of The Euro Asia Interconnector, which was the name given to the project more than a decade ago. The cost of the cable connecting Cyprus to Crete, about 900 km, is expected to be €1.9 billion. A grant of €657 million has already been promised by the European Union. Cyprus is supposed to cover 63% of the remaining cost and Greece 37%, as the benefits to the Cypriot side are much bigger.

The Cypriot Minister of Energy recently clarified that the government plans to allocate €100 million on an immediate time frame but his office

is waiting for an examination of the issue, an analysis of the economic data, and approval by the Ministry of Finance. If the project is approved, construction should begin in 2026 and end in 2029.

The Greek side is pressing the Cypriots to speed up the project's approval process. The tender for laying the pipeline was won by the French company Nexans, which has made the first payment of €55 million.

The Cypriot consumer pays extremely high electricity bills that rank among the most expensive in the European Union. Over the past few years, there has been much consideration on the island about exploiting the natural gas reserves in Cypriot economic waters, but this has not come close to realization for several reasons. These include politics (the conflict surrounding the divided island and hostility towards Turkey) and economics (Cyprus's position as a small local economy). Different practical and feasible solutions that have been proposed over the years were rejected or delayed, not always for understandable reasons. A tender for the establishment of a port to receive liquefied gas in Cyprus, which was won by a Chinese company, was supposed to significantly lower the price of electricity on the island, but it got into trouble. The Cypriot government and the Chinese company are now in the midst of an arbitration proceeding.

Because the Cypriot-Greek power cable is expensive and ambitious, it has its critics, mainly on the Cypriot side. The critics maintain that there are cheaper, more practical solutions and that one should beware of the "myth" surrounding the project. According to them, the project relies on a strong lobby that is promoting two main arguments about the strategy, or vision, of creating a "European electricity economy" and a European plan to switch to green energy. Critics warn that Cyprus will not be able to export electricity, as claimed, since the price of electricity produced in Greece will almost always be cheaper. The same is true in Israel.

Be that as it may, the promotion of projects designed to connect nearby energy systems is of great strategic importance. Europe is a leader in this field, with close to 12% of the electricity consumption of each member state coming from a neighboring country(!). The European target is to reach 15%. Britain alone is connected to Europe via six cables that provide about 10% of its electricity consumption. In our context, we are talking about easing the burden on two EU member states, Greece and

Cyprus, though both states will of course have to put their hands in their pockets.

The political importance of this step should not be taken lightly. As far as the Hellenic countries are concerned, the political issue is mainly vis-à-vis Turkey, but other projects of recent years – like, for example, the EuroAfrica Interconnector project, which is supposed to connect the electricity grids of Egypt, Cyprus and Greece – have political implications of their own. A joint statement on the matter was signed in 2019, but no significant practical progress has been made.

And what about Israel? As mentioned, Israel's status as an "energy island" is completely clear. Connection to the electricity networks of Israel's Arab neighbors is not possible, despite the peace agreements with Egypt and Jordan. Practically speaking, the Israeli-Cypriot angle is the only possibility, especially since the dramatic improvement in relations between Israel and the two Hellenic countries starting in 2010-11.

The political-strategic importance of this combining of efforts is unambiguous. The strategic fabric woven in the eastern Mediterranean, including the establishment of a regional gas forum and Turkey's exclusion from it, have created great confidence in the Hellenic countries and Israel that cooperation can be promoted across a wide variety of fields.

The technical solution talks about the construction of a 1,000-2,000MW power plant that would supply electricity to Cyprus, including for water desalination projects on the island, with excess electricity transferred to Israel if necessary. From Israel's point of view, this would be a modest but extremely valuable opening in its quest to improve its energy isolation. The Israeli-Cypriot segment would not necessarily receive European funding, as it would not be connecting two European countries. However, it is possible that real progress in the electricity cable between Cyprus and Crete would arouse interest among potential investors in relation to the Israel-Cyprus segment, which would obviate the need for increased government investment.

The Iron Swords War has made Israel's need for such connections extremely vivid, especially in view of the danger of a wider and deeper escalation on the Lebanese front. Possible damage to Israel's gas rigs, or their preventive shutdown as was done at the beginning of the war, as

well as damage or shutdown of power plants and means of transmission, means that additional backup measures are required. The proposed submarine power cable could be one of them. In some respects, the economic aspect is secondary for Israel in view of the geographical energy reality in which it finds itself.

As of right now, the degree of Israeli commitment is not clear, and it appears that at the political levels it is still at the stage of mere declarations. It must be assumed that until the government commits to investing in the project or provides guarantees for it vis-a-vis Cyprus, the Israeli companies concerned, and the partners leading the project, nothing will move. It is understandable that the ambitious scale and large expense of the project cause some hesitation, but it is time to move on from positive but meaningless policy statements, think long-term, and invest in expensive but necessary programs.

Ambassador (ret.) Michael Harari joined the Israeli Foreign Ministry and served more than 30 years in a range of diplomatic roles in Israel and abroad, including (among others) in Cairo, London and Nicosia. His final position abroad was as Israeli Ambassador to Cyprus (2010-2015). Today he serves as a consultant in the fields of strategy, policy and energy and lectures in the Political Science Department at the Jezreel Valley College.