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Expert: Utilize new-found gas, don't export it

• By NIV ELIS

Israel's natural gas discoveries are expected to add a full percentage point to its GDP growth in 2013, but is its use being misdirected? Philanthropist, energy expert and chairman of the Israeli Institute for Economic Planning Yossie Hollander thinks so.

Speaking on a panel at the Herzliya Conference on Tuesday, Hollander argued that policies meant to quickly make natural gas resources available for export to the world market were a waste of the resource, which could be put to better use at home. The government, he said, was hoping to cash in on quick taxes instead of giving the middle class a \$10 billion cut in gas prices.

"They will steal from citizens' pockets to get a few more billion in taxes," he said.

According to Hollander's calculations, if Israel's economy were instead prepared for use of natural gas, the fuel could save a lot more energy at home. The added value of trading it, he argued, was merely \$6-8 per billion cubic meters (BCM), where it could add up to \$30 per BCM if used locally.

By his calculations, it could boost the economy by \$295 billion: \$116 billion in the chemical industry, \$88 billion used in transport and \$90 billion in the energy industry. The government, he said; should start directing the economy toward importing natural gas instead of oil, so it will be prepared to efficiently use its own gas resources when they are fully tapped.

Other countries with energy

profiles similar to Israel, he noted, did not skew the direction of natural gas usage to the extent Israel is expected to, using it mostly for electricity. Instead, he said, they use 36% for electricity, 17% for industry, 9% within the energy industry, 3% for transport, 3% as industrial substitute for diesel, and 30% for private, commercial and public use.

Gilead Fortuna, a senior research fellow at the Technion's Samuel Neaman Institute, agreed on several of the basic points. Industry, he noted, pays \$18-30 per BTU (British thermal unit) of oil, whereas it would only cost \$6 per BTU to import natural gas. Lower energy costs could make industry generally more competitive on the world stage.

Israel is working to promote ambitious targets for alternative fuels in transportation, responded Shlomo Wald, the chief scientist for the Energy and Water Ministry. By 2020, they are meant to encompass 30% of transport fuels and reach 60% by 2025. Compressed natural gas in particular, he noted, has great long-term potential for buses, which would provide the biggest savings if converted from diesel fuel.

When it comes to natural gas, he said, the best is yet to come. Gas to liquid, he said, was set to be the real "game changer" of the market, comparing it to small Lego blocks that could be used in the future to synthesize any larger building blocks used in fuel technology.