

## Energy as a Tool for Israeli-Palestinian Peacebuilding

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**This article focuses on energy as a tool for promoting peace between Israel and the Palestinians. It describes how the energy relations between Israel and the Palestinians reflect the existing relationship between the parties, and the potential they hold for promoting cooperation and peace. The energy sector and the energy relations between Israel and the Palestinians largely determine the level of energy services and electricity infrastructure in the West Bank. At present, this dependency does not benefit either party. The article points to a number of current initiatives aimed at strengthening Palestinian energy independence as well as energy security. At the same time, it highlights the inherent tensions in the management of the energy sector in the Israeli-Palestinian case, for example between energy independence and energy poverty in the West Bank and between responses to the climate crisis and the need for energy security. Finally, the article argues that the energy sector must be examined as an integral part of the political-diplomatic relationship between Israel and the Palestinians and that it must address the various tensions and promote energetic cooperation in the interest of peace**

### A. Introduction

Extensive study has been devoted over the years to the Israeli-Palestinian peace process, highlighting its political, regional, diplomatic, economic and other various aspects. This paper seeks to deal with the role of energy in the peace process, which has not attracted significant research or political attention in the context of Israeli-Palestinian relations.

Energy has a decisive impact on people's quality of life and states' ability to prosper. It shapes political relations between citizens and their governments. Its pivotal importance and the inter-state dependence it creates also makes it a powerful tool for advancing cooperation and establishing a geographic, social and political infrastructure for peace. The signing of the Abraham Accords and the stated Israeli intention of transitioning to renewable energy provide Israel with a unique opportunity to utilize energy for the advancement of peace with the Palestinians.

This article starts by highlighting the importance of energy to the individual and society and demonstrating the links between energy and politics. It then reviews the Palestinian energy economy in the West Bank in the context of the complex relationship with Israel, presents

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several regional energy initiatives, and discusses the challenges and opportunities that the energy issue presents for Israeli-Palestinian peacebuilding.

## **B. Energy and peace – how are they related?**

### *Energy and politics*

Energy services are essential for every kind of human activity. Regular energy supply is needed to maintain industry, food production, agriculture, transportation, etc., and is therefore a prerequisite for urban and rural life as well as economic development and prosperity. The level of energy services thus has a direct impact on the welfare, happiness, equality and personal security of each individual and the society and country in which he or she lives.<sup>1</sup> The level of energy services is defined by reliability, availability, accessibility and affordability, as laid out in the UN's 2019 Sustainable Development Goals (SDGs), which call for "ensuring access to affordable, reliable, sustainable and modern energy for all".<sup>2</sup>

Energy security is a key element of energy services. For states, this includes a broad array of elements such as energy resources, backup systems for outages or emergencies, potential for development and growth, and often even the issue of energy independence, defined as a state's ability to supply its own energy without dependence on external resources.<sup>3</sup> The role of the state is to supply its residents with energy security. For residents, or consumers, energy security is measured by access to infrastructure, reliability of supply, affordable and stable pricing, and the mitigation of negative externalities, such as environmental damage of radiation, air pollution and other side effects of energy production.<sup>4</sup>

This gives rise to a related term, energy poverty, which measures a consumer's ability to pay for energy services. Consumers may be obliged to minimize energy use even at the expense of their quality of life, while facing high utility bills incommensurate with average monthly household incomes, or unpredictable and fluctuating rates.<sup>5</sup> Limited energy supply also creates energetic poverty. Disparate access to energy services and gaps in energy security between different groups reinforce existing socio-economic gaps, contribute to social unrest and generate anger toward the "other" and the regime.

In the modern era, energy services are based on a central production facility and a distribution grid. Governments are often responsible for providing energy services, which yield both social and political implications. Energy infrastructure and connection of residential areas to power are of territorial significance and reflect control over a certain area. Therefore, connecting areas to a reliable grid or cutting them off from the power grid serve as a tool of exclusion or inclusion of different population groups.

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<sup>1</sup> Benjamin Sovacool, Raphael Heffron, Darren McCauley, & Andreas Goldthau, "Energy decisions reframed as justice and ethical concerns," *Nature Energy*, 1. 16024. 10.1038/nenergy.2016.24. 2016.

<sup>2</sup> U.N, "[SDG7: Ensure access to affordable, reliable, sustainable and modern energy.](#)" 2019.

<sup>3</sup> Scott R. Littlefield, "[Security, independence, and sustainability: Imprecise language and the manipulation of energy policy in the United States.](#)" *Energy Policy*, Volume 52, 2013, Pages 779-788. 2013.

<sup>4</sup> Mary Lawhon, David Nilsson, Jonathan Silver, Henrik Ernstson, Shuaib Lwasa, "[Thinking through heterogeneous infrastructure configurations.](#)"

<sup>5</sup> Ines Mayer, Elise Nimal, Patrice Nogues, Marie Sevenet, "[The Two Faces of Energy Poverty: A Case Study of Households' Energy Burden in the Residential and Mobility Sectors at the City Level.](#)" *Transportation Research Procedia* 4 (10), 2014.

The tools people use to ensure energy services are also of social and political significance. A popular struggle for better services could also express a demand for recognition of rights or citizenship, acts of protests, opposition to a regime and even delegitimization of a regime. Such activities can include power theft, infrastructure sabotage, refusal to accept supply from certain sources, and unlawful connections to the distribution network. The type of tools used to demand equal energy services depend on the consumers' political power. For example, disenfranchised residents will resort to less legal measures, such as illegal cable or pipe hookups to obtain electricity and water, whereas groups that enjoy political power will exert political and public pressure on decision makers to achieve their goals.<sup>6</sup>

### *Energy in times of conflict and peace*

Energy struggles are intensified in conflict areas (whether domestic or interstate), and energy can serve as a tool in the hands of either or both sides, with energy services serving as incentives or sanctions to influence the outcome of struggles. Sanctions could consist of a boycott/embargo, power cut-offs or damage to infrastructure. Incentives relate to integration of infrastructure, market integration to ensure steady supplies, territorial concessions over distribution areas or defense of resources and infrastructure of the other side.<sup>7</sup>

For the most part, a national or political entity strives for a degree of energy independence to avoid dependence on external factors, especially on enemies or adversaries. Energy independence is regarded as a key component of a country's energy security and national security as a whole. In conflict zones, various parties seek to strengthen the local energy sector as a tool for economic and social stabilization and for building an institutional political structure, laying the foundation for a future peace agreement. This is well illustrated in the West Bank, where the European Union (EU) and the UN are advancing plans and projects designed to strengthen the Palestinian energy sector and its independence<sup>8</sup> on the path to hoped-for statehood. Given the vital role of energy for every state, energy issues are usually addressed in peace agreement sections dealing with cooperation between the sides.

The energy issue is currently generating cooperation between Israel and its neighbors, both influencing and being influenced by peace agreements. Examples include the Eastern Mediterranean Gas Forum, bilateral cooperation with Egypt and Jordan,<sup>9</sup> regional plans involving the United Arab Emirates<sup>10</sup>, and ties with Europe.<sup>11</sup>

## **C. Israeli-Palestinian energy relations in the West Bank**

### *State of play: Dependence on Israel, Decentralization and Energy Poverty*

The West Bank covers 5,860 square kilometers and currently includes some 2.8 million Palestinians, including residents of East Jerusalem (the numbers are in some dispute). The Palestinian economy has developed by 50% over the past 10 years, twice as much as the

<sup>6</sup> Charlotte Lemanski, "[Infrastructure citizenship: The everyday citizenships of adapting and/or destroying public infrastructure in Cape Town, South Africa.](#)" 45(3): 589-605, 2020.

<sup>7</sup> Lior Herman and Itay Fischhendler, "[Energy as a Rewarding and Punitive Foreign Policy Instrument: The Case of Israeli-Palestinian Relations.](#)" *Studies in Conflict & Terrorism* 44(1-24), 2019.

<sup>8</sup> European Union, "[Palestine investment review.](#)" Feb. 15, 2022 ; Office of the Quarter website, [Energy.](#)

<sup>9</sup> East Mediterranean Gas Forum overview. Retrieved in Feb. 23,2022, from:[emgf.org](#)

<sup>10</sup> "[Energy brings states closer: Energy Ministry and UAE establish three working groups to advance future energy cooperation.](#)" Israel Energy Ministry press statement, Dec. 14, 2020 (in Hebrew).

<sup>11</sup> "[Establishing East Med gas pipeline from Israel to Europe.](#)" Israel Energy Ministry statement, March 10, 2021 (Hebrew).

natural growth in Israel. Increased Palestinian income levels and high natural growth rates increase the demand for electricity and energy by about 5% a year.<sup>12</sup>

Two major historical processes have shaped the energy market in the West Bank. The first is Israel's occupation of the West Bank in 1967, and the second is the 1993 Oslo Accords. After conquering the territory in 1967, Israel became responsible de facto for supplying electricity and fuels to the West Bank. The Israel Electric Corporation (IEC) gradually began to supply (either directly or indirectly) most of the electricity to the West Bank while an Israeli state-owned fuel company called Padesco supplied fuels until the first intifada in 1987, when the fuel market underwent quasi-privatization. The second process, the Oslo Accords, and their related Paris Agreements<sup>13</sup> on the economy led to the establishment of the Palestinian Authority (PA) as well as two entities relevant to our case – the Palestinian Energy and Natural Resources Authority, and the Fuels Administration, a department of the PA.

Since the Oslo Accords, the PA has provided economic guaranties to the local Palestinian electric companies, and at time even paid their debt to the Israel Electric Company. The Palestinian Energy Authority has been trying to function as a regulator and a policy-making body, and the Fuels Administration determines the engagements with fuel companies. These Palestinian entities work with Israel's Civil Administration in the West Bank, a subdivision of the Ministry of Defense, to regulate the needs of the energy sector (mainly in Areas A and B, but also in Area C), while Israel's Ministry of Energy has no authority in the West Bank.

The West Bank gets its electricity, fuels and cooking gas mostly from Israel. About 94% of the electricity supply to the West Bank is produced in Israel and supplied through the state-owned IEC. A small percentage of power originates in Jordan and is supplied to a specific area within Jericho, and an even smaller portion is produced on small solar farms. As of 2022, all fuel and cooking gas in the West Bank originated in Israel and was supplied by two private Israeli fuel companies (Paz and Dor Alon) under contracts with the Palestinian Fuels Authority. This market is estimated at \$1 billion annually. The Palestinian and Israeli power sectors are interdependent and the planning of Israel's electricity sector is carried out by the Israel Electric Authority and the Israel Electric Corporation, based on current population estimates of five million Palestinian residents in Gaza and the West Bank.

Within the West Bank, power supply is more decentralized and provided by several retailers. These include the Jerusalem District Electricity Company (JDECO), the Southern Electric Company (SELCO), the Hebron Electric Company (HEPCO), and the Northern Electric Distribution Company (NEDCO). JDECO is the largest supplier with the most human and technical capital. In addition, there are some local authorities that are responsible for providing electricity to residents. These companies received their electricity directly from the IEC for decades. In 2013 the Palestinian Electric Company (PETL) was established, assuming responsibility for supplying electricity in the Palestinian territories, receiving it from the IEC and selling it to local transmission companies. The company was established by the PA as part of a comprehensive policy plan for the electricity grid, and a commercial agreement was signed with the IEC in 2018 (which never fully materialized). According to the company's website, PETL's objectives include a single common buying model to regulate the Palestinian electricity sector, the improvement of the level of electricity services

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<sup>12</sup> Adel Juaidi, Francisco G. Montoya, Imad H. Ibrik, Francisco Manzano-Agugliaro, "[An overview of renewable energy potential in Palestine](#)," *Renewable and Sustainable Energy Reviews* 65: 943-960, 2016; *Securing Energy for Development in the West Bank and Gaza*. The World Bank, 2017.

<sup>13</sup> [The Israeli-Palestinian Interim Agreement on The West Bank and The Gaza Strip: Annex V, Protocol on Economic Relations](#), Israel Ministry of Foreign Affairs, Sept. 28, 1995.

provided to transmission companies and the diversification of electricity supply by buying energy from various sources and connecting to networks in neighboring countries.<sup>14</sup> Fuel is supplied by many small suppliers (over 200) and a number of larger private companies that buy fuel and gas directly from the PA.

The West Bank's electricity infrastructure was built like patchwork without long-term planning or vision, and is outdated and underdeveloped. Rather than being circular, power distribution lines cross the West Bank laterally from east to west, with power reaching their end points. This infrastructure impairs the energy security and lacks redundancy, meaning the ability to provide system backups.

Since Palestinian consumers buy their electricity third hand, tariffs are high. Moreover, the electricity tariff has not been regulated and supervised by the PA in recent years. Compared to the price of electricity in Israel, the Palestinian consumer pays about 30-40% more on average for every kilowatt per hour. As a result, electricity consumption in the PA is very low compared to Israel (about 20% of consumption in Israel) and the region.

The combination of high tariffs and low incomes create significant energy poverty in the West Bank, forcing households to reduce consumption and thus lower their standard of living. In summer, for example, residents cool only one room where they sit until going to bed. In winter, the majority use wood and fire for heating rather than electric heating. Thus, the wood market in the PA is large; importers bring wood from other countries, people go out into the forest and collect wood, store pallets and more. Burning wood for heating is polluting in some cases but is considered biomass and therefore as renewable energy.

Palestinians also experience regular power cuts in the West Bank, whether inadvertent or on purpose. Supply disruptions were more common in the past due to a shortage of transformer stations (where electricity is converted from high to low voltage). There is currently no shortage of transformer stations and supply capacity, but the network connection between Israel and the PA does not meet demand during peak hours and climate extremes. Power outages can also stem from collective punishment of a particular area for non-payment of electricity bills, with the IEC informing residents in advance of the date and duration of the outage and trying to ensure the disruptions are of equal duration for different areas. As of late 2021, the Palestinian debt to the IEC had reached NIS500 million,<sup>15</sup> mainly due to partial bill collection, illegal cable hookups, a collection rate insufficient to cover the costs of purchasing electricity from Israel, loss of power in the transmission networks and outdated equipment.<sup>16</sup>

Energy poverty in the Palestinian Authority also has an impact on other areas of the Palestinian economy. The use of groundwater for irrigation, for example, is a major energy-related problem. Since there are no regulated water treatment and recovery facilities in the West Bank, and therefore no reuse of effluent water, most of the irrigation uses groundwater, the pumping of which consumes a great deal of electricity, which is a limited resource. Since groundwater is also a resource in short supply, Palestinian agricultural development in the West Bank is curtailed.

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<sup>14</sup> [Palestinian Electricity Transmission Ltd](#), Retrieved in February 23,2022.

<sup>15</sup> Gal Berger, "[Israel to the Palestinian Authority: Because of debt – next week we will begin proactive power cuts.](#)" *Kan News*, Oct. 27, 2021. (Hebrew)

<sup>16</sup> Nurit Gal, Eli Sandler, Suleiman Khalasa, Tareq Abu Hamed, "[Renewable Energy, Regional Cooperation in the Jordan Valley: Turning the Energy Trilemma into an Opportunity.](#)" [Electronic Version]*Environment, Climate and National Security: A New Front for Israel*, Memorandum 209. p. 169-184, Feb. 23, 2021. (Hebrew)

Numerous studies have been conducted on renewable energy in the West Bank, most of which indicate high production potential mainly thanks to long hours of sunshine. Renewable energy currently supplies only 12% of consumption in the PA and is mainly derived from biomass energy generated by burning trees or gaffe (a byproduct of olive oil production) for heating in winter. In addition, about 70% of the water heating in the PA is based on thermo-solar energy. A number of initiatives to promote solar energy use in the West Bank are already underway, and will be detailed in the next chapter.

#### Summary of the situation to date:

- The vast majority of electricity and fuels in the PA originates in Israel.
- Developments in the Palestinian energy sector relate mainly to transmission and the development of electricity companies engaged in transmission.
- The electricity infrastructure was built without central planning and therefore is of limited capacity. Having lateral rather than circular power lines leads to waste, different voltage supplies, and lack of redundancy.
- Energy connectivity between Israelis and Palestinians is based on connections between electricity companies and several connection points between the two networks.
- Energy poverty in the West Bank is a barrier to economic development.
- A combination of a number of factors preserves the current energy disadvantage in the West Bank: the conduct of the PA, full dependence on Israel that requires approvals and regulations and dictates imports, and political instability that prevents investment.

### **D. Israeli, Palestinian energy initiatives**

Several energy initiatives are being advanced in the Middle East, some of them led by Israel and involving Arab countries without the Palestinians, and some promoted in the West Bank by external parties, the Palestinians, or Israel. This chapter describes several major initiatives.

- **Renewable energy from Jordan** – On November 22, 2021, Israel, the United Arab Emirates and Jordan signed a trilateral agreement, under which Israel will sell another 200 million cubic meters of desalinated water to Jordan annually and purchase 600 megawatts of solar power from UAE-invested facilities to be built in Jordan. This plan relies on the principle of creating mutual dependence to ensure security and political stability among the countries. EcoPeace, the organization that advanced the project, is calling it WENE - Water Energy Nexus. The solar energy production in Jordan is planned on solar islands (off-grid) so that no connection between the Jordanian and Israeli network is expected, for now. The original EcoPeace plan also included the Palestinians but the political situation, and the crisis in relations between the PA and the UAE have prevented their inclusion in this agreement. Nonetheless, the arrangement could provide a future opening for the sale of electricity at an affordable tariff directly from Jordan to the PA.
- **Construction of a gas-fired power plant in Jenin** – The construction of a power plant in Jenin is being promoted by the private sector and supported by the PA and its associated agencies. The power plant in Jenin would potentially supply about 40% of the PA's electricity consumption. To advance the project, the Israeli Ministry of Energy has promoted construction of a gas pipeline that would reach the border

crossing (the Green Line), 300 meters from the planned power plant.<sup>17</sup> However, a study commissioned by the Israeli Ministry of Energy found that the Palestinian grid lacks sufficient capacity to absorb the electricity produced in Jenin. Following intense efforts, the Energy Ministry signed an agreement that allows the Jenin station to transfer its electricity to the Israeli network, from where it would be returned to the PA for distribution. As of today (2022), the project is stalled, possibly due to internal Palestinian power struggles.

- **Increasing the supply capacity from Jordan** – In January 2020, the Jordanian National Electric Corporation signed an agreement with the East Jerusalem Electric Corporation (JDECO) on upgrading the electricity infrastructure between the companies and increasing the capacity of the power lines to allow electricity from Jordan to reach the Jerusalem, Azaria and Abu Dis areas<sup>18</sup> rather than only the Jericho area as is the case today.
- **Solar Energy Production** - The Palestinian Investment Fund (PIF) has built a solar farm in the Jordan Valley that can supply 7.5 megawatts and plans to build additional solar farms.<sup>19</sup> The fund is also involved in the Jenin natural gas power plant project (see above) alongside projects to install solar panels on public facilities, such as schools, and to increase renewable energy resources.

## E. Summary of challenges and opportunities

### *Energy independence, energy dependence and energy poverty*

The issue of energy independence is intertwined with the question of political sovereignty and national independence. However, energy security does not necessarily translate into energy independence, since energy security refers, among other things, to the existence of a backup network and connectivity, as well as to ensuring an affordable price for the end consumer. In other words, undermining energy independence through increased interdependence and cooperation with other countries in the region is sometimes conducive to increased energy security.

In the Palestinian case, an infrastructural disconnection from Israel replaced by a connection to the electricity grid of Egypt or Jordan, for example, may raise the already high electricity tariffs that burden Palestinian consumers. While the connection to Arab countries would also create energy dependence, it would not force the Palestinians to depend on a political opponent perceived as an occupier and even as an enemy. However, even if the Palestinians aspire to self-sufficiency in terms of energy production and achieve full energy independence, they would still depend on Israel or neighboring countries for imports of natural gas and/or fuels. The Palestinians' energy independence may increase with the proposed development of the gas reservoir off the coast of Gaza and the infrastructural gas connection between the West Bank and Gaza, or with the entry of new technologies into the market, such as hydrogen energy production.

Israel, for its part, operated for years as an energy island until the discovery of natural gas reserves off its coast in the 1990s. Israel's power as a producer of natural gas, along with geopolitical changes in the Middle East, have led it to seek various energy connections with

<sup>17</sup> Palestinian Power Generation Co. Jenin Power Plant Project, [Project Fact Sheet](#). Retrieved December 20, 2022.

<sup>18</sup> ["Jordan signs agreement to increase power exports to Palestine."](#) *The Jordan Time*, Jan. 15, 2020.

<sup>19</sup> Palestinian Investment Fund, [Energy sector](#). Retrieved Jan. 12, 2022.

neighbors near and far. In its vision for 2050, Israel aspires to be part of a regional energy network.<sup>20</sup>

Both Palestinians and Israelis are torn between the desire for energy independence and the many advantages of dependence and connectivity. One of the most effective political measures lies in the ability to sever the link between political independence and energy independence. After all, absolute Palestinian energy independence is unsustainable for the present and foreseeable future, and energy security depends on increased interdependence and cooperation. Either way, the Israeli and Palestinian networks are connected and will probably remain connected in the future. At the same time, there are advantages to strengthening Palestinian power production capacity (based on natural gas and renewable energies) in bolstering the perception of political independence, easing the vulnerability of the Palestinian energy sector, reducing Israel's obligations to provide the Palestinians with energy, and contributing to energy security in the regional sphere. Severing the link between energy independence and energy security also suggests guidelines for a future political arrangement consisting of more than a dichotomous division between one state and two: a political arrangement that would be able to handle local political independence alongside interdependence, to meet the environmental needs alongside joint management.

#### *Between a national energy sector and privatization*

The energy sector is an integral part of the institutions of any nation-state. The development of Palestinian state institutions (dating back to the Oslo Accords) included the development of the Palestinian Energy Authority, the Palestinian Fuels Authority, and a decade later the construction of a national electricity company (PETL). Within the context of their national struggle, the Palestinians seek to build a national and centralized energy sector. In the fuels sector, where the Fuels Authority determines the agreements with Israeli fuel companies, centralization may lead to higher prices. In the electricity sector, a central national company and distribution companies supplying exclusive geographic areas undermine competition and result in high electricity tariffs. In Israel and around the world, the energy sector has undergone privatization in recent decades, pushing down prices and enhancing economic development, but also contributing to income inequality, harming maintenance and the quality of the electricity supply, and hurting consumers. The process of building a Palestinian state and its electricity sector should include establishing joint responsibility for the energy sector under the political leadership, along with addressing structural and legal aspects to minimize corruption and ineffective management as much as possible.

#### *Between climate change and energy security*

Much of the current discourse on energy issues focuses on reducing carbon emissions to confront climate change and placing renewable energy and energy efficiency targets at the forefront of the international agenda. In the West Bank, energy production potential, with an emphasis on solar and wind energy, is also being examined. However, renewable energies cannot guarantee energy security for now due to insufficient tools for storing energy. Moreover, the installation of solar panels has broad territorial-political implications that often involve land expropriation. Solar projects therefore encounter obstacles at a relatively early stage. This is particularly true of Area C of the West Bank, which is less densely populated and therefore has space for solar farms but at the same time is controlled by the Israeli Civil Administration and lies at the heart of a territorial struggle.

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<sup>20</sup> Ministry of Energy, "[Roadmap for a Low-Carbon Energy Economy by 2050.](#)" Oct. 12, 2021.



Despite the desire to adapt the Palestinian energy sector to current global challenges, the initial emphasis in such developing regions hobbled by insufficient electric supply should focus on meeting basic local needs, prioritizing them over reducing carbon emissions. Ensuring reliable, cheap electricity for Palestinian residents of the West Bank should be the basic principle guiding the selection of the energy mix in light of the pivotal importance of providing essential services and infrastructure in developing countries. Given that electricity supply in the West Bank for the next 20 years is expected to be based on natural gas, priority should be given to establishing a reliable and inexpensive network of natural gas-based energy as a transitional measure, and taking necessary steps to develop renewable energy resources.

As the Palestinian and Israeli populations grow, so does the demand for electricity. Both sides appear to have an interest in encouraging production of electricity in the PA based on natural gas power plants and solar energy. Since the Israeli and Palestinian electricity networks are connected, and both sides have territorial interests in Area C, cooperation in the production of solar energy in these areas could be beneficial for both sides if appropriate arrangements can be reached.

### *Linking the Palestinians to international energy cooperation*

One of the principles underpinning the Oslo Accords was for the Palestinians to serve as an intermediary between Israel and the Arab world and to promote regional cooperation. This principle was one of the Palestinian side's bargaining chips and it established the understanding that peace with the Palestinians would bring about regional peace. It has been almost 30 years, and regional agreements with Arab countries are far more advanced than peace with the Palestinians. The Abraham Accords signed in late 2020 supported the long-held Israeli government position that resolving the Israeli-Palestinian conflict was not linked to forging peace between Israel and Arab countries. However, the Arab countries that signed the normalization agreements (the United Arab Emirates, Bahrain, Sudan, and Morocco) still present themselves as committed to resolving the Israeli-Palestinian conflict and Palestinian political claims for self-determination. In the UAE, the agreement with Israel was also presented as one that would help the Palestinians and preserve the idea of a two-state solution.<sup>21</sup> The Palestinians were not included in the Abraham Accords, and they even view the agreement somewhat of a betrayal by those countries of the Palestinian issue. However, the Abraham Accords do not necessarily marginalize the Palestinian issue, and given political will, they can even serve as an important component in driving and realizing a peace process between Israel and the Palestinians.<sup>22</sup> Projecting from the political sphere onto the energy sphere means excluding the Palestinians from the growing energy cooperation system with Jordan and the UAE. We suggest that integrating the PA into the agreements as an actor with potential for contributing to their success may yield benefits for both Israel and the Palestinians.

### *Physical, social infrastructure for joint management of national energy sectors*

The energy sector produces all kinds of infrastructure - civilian, diplomatic, physical and legal. We propose viewing the energy relationship between the Palestinians and Israel as a future infrastructure for political relations between the parties. For now, the Israeli Ministry of Energy does not consider the Palestinian Ministry of Energy a partner, and any connection

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<sup>21</sup> Sarah Feuer, Yoel Guzanski, "[The Abraham Accords at One Year: Achievements, Challenges, and Recommendations for Israel](#)", Institute of National Strategic Studies, Nov. 1, 2021.

<sup>22</sup> Moran Zaga, "[Were the Abraham Accords a game changer? First Year Test.](#)" *Mitvim Institute*, September 2021.

between these two ministries is mediated by the Civil Administration. The Israeli Ministry of Energy has no authority at all in the West Bank, and the Palestinian Ministry of Energy's only direct contact with Israel is through the Civil Administration. A decision to establish a direct channel of communications between the ministries, regulators and electric companies on both sides, including joint workshops, mutual training exchanges and the establishment of diplomatic relations similar to those between neighboring countries could serve as a basis for promoting an agreement and a life of peace.

Encouraging contacts and cooperation, regulating legal infrastructure for the establishment of Israeli-Palestinian energy companies, and planning border areas as renewable energy production zones also providing employment and meeting venues, are all measures that will lead to cooperation and could project positively on the peace process.

What is more, the Israeli-Palestinian conflict lends itself to fixed legal and conceptual mindsets. The same is true of the energy interfaces between the parties. Many issues in the Palestinian energy sector are not officially regulated from Israel's perspective. There is no formal signed agreement between the Palestinian and Israeli electric companies, there is no recognition of increased capacity potential from Jordan, and there is no arrangement for a natural gas agreement. Formal arrangements and long-term commitments would promote the relationship more than maintaining the status quo. The establishment of a joint committee to plan the two sides' energy economy could address some of these challenges. Under the aegis of tackling the climate crisis, a joint committee could gain political legitimacy on both sides.

#### *Israeli-Palestinian energy relations stem from a political solution, and vice versa*

Relations in the Israeli-Palestinian energy sector are currently managed by politics. This raises two key, contradictory questions – is it possible to neutralize political considerations in the management of the energy sector in seeking to improve electricity infrastructure and commercial relations between the parties? Or should the energy sector be designed in a manner that will determine the political solution between the Israelis and the Palestinians in the not-too-distant future? The energy sector has great influence on relations between the parties, and electricity infrastructure can promote integration or independence and separation. The current infrastructure and organizational structure of the energy sector lock-in could affect the conduct of the two nationalities in the long term, especially given the status quo and absence of a defined political consensus on a political solution.

The future shape of the Israeli-Palestinian energy sector depends on the extent to which it is dictated by the political solution being promoted. A two-state solution would require separating infrastructure, increasing Palestinian capacity, strengthening the independence and professionalism of Palestinian companies (government and private), and achieving Palestinian energy autonomy. This would require the IEC to prepare for a scenario in which it no longer produces energy for the Palestinians, and the PA agencies and companies to prepare for providing the population's energy needs. Both parties will have to decide whether they want their networks to be connected. A one-state solution to the Israeli-Palestinian conflict would mean making the Palestinian companies subsidiaries of the IEC, promoting joint investment in electricity infrastructure, and ensuring standardization of the level of services and the grid.

We suggest looking at politics and energy as one complex unit of analysis. Measures undertaken in the energy arena are derived from the political constellation, and at the same time affect it and have the power to contribute to its design. That said, we recommend

promoting energy cooperation between Israel and the Palestinians to serve a desired future of peace, rather than settling for energy collaboration aimed at managing or reducing conflict. The design of the energy sector – its structure, relationships, legal and regulatory system – should and can serve as an engine and basis for a successful political process leading to a peace agreement in the near future. This agreement does not have to align with the definitions of one or two states; it may be just as complex as the existing structure of the Israeli-Palestinian energy sector.