

## Egypt-Saudi power link cost seen at \$1.5bn

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A project aimed at linking the power grids of electricity-hungry countries Egypt and Saudi Arabia to help meet peak-time demand is expected to cost about \$1.5 billion, an Egyptian official said on Wednesday.

An international tender for work on the project is scheduled for January 2011, Electricity Ministry Undersecretary Aktham Abul Ela said.

Egypt will send Saudi Arabia electricity through the connection in the afternoons and Saudi Arabia will send electricity to Egypt in the evenings, taking advantage of the difference in the countries' peak use hours, he added.

He said the two countries would split the cost of the project – which aims to exchange 3,000 megawatts of electricity between the countries through direct current electrical lines – based on the amount of work on their land.

“Every country will pay the cost of this project on their land,” Abul Ela said. “Egypt about 450 kilometres, and the rest in Saudi.”

The project is expected to include 1,300 kilometres of power lines in total. Abu Ela said pricing was not set yet, but it was possible the two countries would not need to pay one another because they would exchange equal amounts of electricity.

Saudi deputy electricity minister, Saleh Alawaji, said in March the first phase of the power link between Egypt and Saudi Arabia would take place in 2015.

Demand for power in top oil exporter Saudi Arabia grew last year by more than 8 percent and is expected to exceed 60,000 megawatts by 2020.

The Gulf Arab state is investing \$80 billion to boost installed power generation capacity to around 67,000 megawatts by 2020, up from 46,000 megawatts now.

Gulf countries have similar patterns of consumption, and see demand peak in the summer. They have taken measures to connect their grids in an effort to stave off shortages.

The first phase of a \$1.6 billion project to link grids in Saudi Arabia, Kuwait, Bahrain and Qatar was completed last year.

The new power grid connecting the four Gulf Arab states has seen about 70 power transfers since it was launched, senior officials at the Gulf Cooperation Council Interconnection Authority (GCCIA), told Reuters in April.