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DECEMBER 2008 | ELECTRICITY MARKET UPDATES

Israel Electric Corporation (IEC)

Amos Lasker the CEO of IEC said that if the law is amended to enable IEC to establish more power stations beyond those approved in the emergency program, that IEC would also enter the solar energy market.

IEC CEO Amos Lasker said that even though IEC's fuel basket cost has decreased due to natural gas and lower fuel rates, the electricity tariff to the consumer should remain unchanged. He proposed that the delta between the tariff to be paid by consumers and the lower generation rate should be allocated to a fund for special activities including new development projects.

IEC launched its largest ever environmental project with the publication of an international tender for the installing of two scrubbers in two generation units at the Hadera power plant. The estimated \$150 million tender also includes an option for the installation of scrubbers in two more production units at the Rutenberg power plant in Ashkelon. If the tender winner exercises this option, the total value of the tender will reach \$250-300 million. Construction work is to be completed by the end of 2011.

IEC intends cutting 1 billion shekels in investments and 80 million shekels worth of operational expenses due to the financial crisis

Oil Refineries Haifa and Ashdod won a tender over international companies to supply IEC with 300-400 million shekels worth of fuel oil per year. The tender was carried out by IEC in demand for 250 thousand tons of fuel oil per year with an option to increase the quantities by 25%. The contract is for one year with an option to lengthen it by an additional two years. IEC decided that it preferred not to import fuels from abroad in 2009 and to approach the two local oil refineries for their needs.

MNI Minister approved the addition of the Alon Tavor CCGT to IEC's emergency generation program.