

December 31, 2008

2008-2714

Press Release

Desalination Plant Expansion Procedure Successfully Completed; Quantity of Desalinated Water in Israel to Grow by 57 Million Cubic Meters this Year

Proposed quantity represents 25% expansion of existing output

The interministerial tender committee for seawater desalination, headed by Gil Shabtai, Senior Deputy Accountant General at the Ministry of Finance, received proposals today from the operators of the desalination plants in Israel, located in Ashkelon, Palmachim, and Hadera, for the expansion of the plants' capacity by a total of 57 million cubic meters over the coming year; this quantity represents approximately a 25% increase of the current output.

Residents of Israel already enjoy 130 cubic meters of desalinated water annually. The interministerial committee estimates that this figure will increase to 292 million cubic meters annually by the end of 2009, due to the expansion of the quantity of water treated by the existing plants as well as the operation of the plant currently under construction in Hadera.

The expansion of the desalination plants is aimed at increasing the total volume of desalinated seawater in the short term, while efficiently utilizing existing infrastructures, with maximum economic efficiency. Accordingly, the committee undertook comprehensive preparatory work to examine the economic, legal, engineering, and statutory aspects of the implementation of the decision. The committee established the terms at which the additional quantity of desalinated water would be purchased by the state, including price, schedules, and purchasing terms. The desalinated water will be supplied in two stages – an immediate stage first, and a second stage as soon as possible, probably no later than the end of 2009.

The operators of the plant were asked to submit proposals presenting the quantity of additional water they wish to treat. The purchase price established is NIS 2.6 per cubic meter. For its part, the state made a commitment to purchase the desalinated water until 2027. The investment in the desalination plant expansion project is estimated at NIS 0.5 billion.

Three proposals were received:

- VID, operator of the desalination plant in Ashkelon, which has a capacity of 105 million cubic meters per year, proposed to expand this quantity by 15 million cubic meters per year.
- Via Maris, operator of the desalination plant in Palmachim, which has a capacity of 30 million cubic meters per year, proposed to expand this quantity by 15 million cubic meters per year.

- H2ID, currently building the desalination plant in Hadera, which has a capacity of 100 million cubic meters per year, proposed to expand this quantity by 27 million cubic meters per year.

Within the next few days, the tender committee will examine the proposals submitted. Proposals meeting the terms of the tender committee will be declared winners. Agreements for the expansion are expected to be signed within about two weeks; financing agreements will be finalized during the expansion work.

The expansion of the quantity of desalinated water is part of the government's policy for coping with the water shortage. Over the next week, the tender committee is expected to issue a tender for seawater desalination at Sorek, planned as one of the largest plants in the world using the reverse osmosis method.

The tender committee includes representatives of the Ministry of Finance, the Government Water and Sewage Authority, the Ministry of National Infrastructures, and the Ministry of Environmental Protection.