

Ministry of Finance

Spokesperson Unit

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Press Release

The Social-Economic Cabinet Headed by Finance Minister Roni Bar-On Decided Today to Adopt a Guiding Objective of Producing 10% of Israel's Electricity Needs Based on Renewable Energy by 2020

Today, the Social-Economic Cabinet headed by Minister of Finance **Roni Bar-On** established a **guiding objective of producing electricity based on renewable energy at a volume of 10% of Israel's power needs by 2020**, further to the resolution of the Social-Economic Cabinet on November 4, 2002 and the government resolution of August 12, 2007. Power stations will be constructed by granting licenses, allocating land, and establishing rates and incentives. The mix of technologies, in terms of the allocation of land and incentives, will take into account considerations of applicability, national and economic feasibility, global trends, and optimal utilization of water and land resources.

Minister of Finance **Roni Bar-On** commented, "This decision is a direct, inseparable continuation of the effort we resolved upon several months ago to make the renewable energy field a significant growth driver for the economy, in the Negev and Arava regions in particular." The Minister further noted, "The promotion of renewable energy production will not only reduce our dependence on fossil fuels and advance environmental values; the promotion of this industry in the Negev and Arava will also lead to the development of peripheral regions of southern Israel."

With regard to the location and allocation of land, the Social-Economic Cabinet decided to charge the Head of Planning at the Ministry of the Interior, in coordination with the relevant government ministries, with locating suitable land for the construction of renewable energy power stations, in particular land in the Negev and Arava regions suited to the construction of power stations based on solar and wind technologies.

The Cabinet charged the Ministry of National Infrastructures and the Israel Land Administration with completing the land allocation regulations under which the land for construction of the power stations will be allocated by the ILA, through land tenders and tender exemptions, in line with regulations to be formulated within 45 days of this decision.

The Cabinet also decided to organize the issue of financial incentives, and instructed the Public Services Authority - Electricity to examine the matter of rates and standards, as necessary, within three months, based on international models, with an emphasis on the Spanish (solar) model of promoting renewable energy sources.

In addition, a temporary order will be advanced concerning incentives for the promotion of production of renewable energy facilities, through the Capital Investments Encouragement Law, including investments in research and development in the area of renewable energy and

direct investments for the adoption of renewable energy technologies and manufacturing of renewable energy facilities and components by industrial plants.

The Social-Economic Cabinet further decided on the establishment of solar production facilities in the territory of the Hevel Ayalot Regional Council. The Cabinet charged the ILA, in coordination with the Hevel Ayalot Regional Council, with publishing land tenders in the council's territory for the planning and development of three power stations based on solar technologies, at capacities of 50-75 megawatt each, no later than June 1, 2009, such that the stations start generating electricity no later than January 1, 2012.

Minister of National Infrastructures Binyamin Ben-Eliezer thanked the Minister of Finance and his staff for their assistance in promoting this important issue.