

Unofficial translation

## **National Plan for Implementation of the Greenhouse Gas Emissions Reduction Targets and for Energy Efficiency**

**34th Government, headed by Benjamin Netanyahu**

### **We hereby decide that:**

In accordance with Clause 2 of Government Decision No. 542, dated September 20, 2015, regarding reduction of greenhouse gas emissions and increasing the efficiency of the national energy consumption (hereinafter: Government Decision 542), and in order to accomplish the targets set forth in this Government Decision, the following measures shall be taken:

1. In order to meet the national target for reducing electricity consumption as per clause 1(B)(1) of Government Decision 542

A. Set up an advisory team to the Finance Minister and the Accountant General to consult on the plan to grant government guarantees totaling NIS 500 million over ten years, from the day the decision was adopted. The guarantees will be for investment loans in the fields of energy efficiency and greenhouse gas emissions reduction. The team will be headed by the Senior Deputy to the Accountant General. Other members will be a representative from the Ministry of National Infrastructures, Energy and Water (hereinafter: "Ministry of Energy," a representative of the Budget Department in the Ministry of Finance (hereinafter: "the Budget Department"), a representative of the Ministry of Economy and Industry (hereinafter: "Ministry of Economy"), and a representative of the Ministry of Environmental Protection. The team will propose criteria for granting the guarantees in accordance with the targets of the Government Decision, including recommendations as to the identity of the entities eligible for guarantees, the guarantee cap and its duration, and prioritization of the project types and technologies over time, including evaluation of prioritizing innovative Israeli technologies. The team's proposal shall be submitted to the Accountant General by December 31, 2016. The risk expectancy of the guarantee shall be budgeted at an amount that will be agreed upon between the Accountant General Department and the Budget Department.

B. Establish and operate a grants program for investments in energy efficiency. The program shall be operated via the organization that already exists for reducing greenhouse gas emissions at the Investment Center and at the National Authority for Technology and Innovation. The program will be managed by the Ministry of Economy, the Ministry of Environmental Protection, the Ministry of Energy, and a representative of the Budget Department. The grants will be awarded based on

competition over the reduction cost of a ton of greenhouse gases and kWh saved. The grant program shall include, among other things, criteria for a partiality to weak local authorities and small and medium sized businesses, and promotion of industrial air pollution reduction and of investments to be integrated with installations of innovative Israeli technologies. The program will begin no later than September 1, 2016. For the operation of the grant program, the Ministry of Finance shall allocate a budget of NIS 300 million, with authorization to make commitments as per Government Decision 542.

2. Task the Energy Minister with submitting to the Government a detailed multi-year national plan for energy efficiency for 2030, in accordance with the minister's authority under the Energy Sources Law, 1989. The plan shall be submitted by October 31, 2016, following agreement from the Finance Minister and consultations with the Environmental Protection Minister. It shall, inter alia, include additional measures necessary for implementation of Government Decision 542, beyond the measures detailed in this Decision.

3. Task the Director General of the Ministry of Energy, in consultation with the Public Utilities Authority - Electricity (hereinafter: the Electricity Authority), the Ministry of Finance, and the Ministry of Environmental Protection, with evaluating and putting together measures by November 30, 2016, aimed at reducing electricity consumption. The evaluation shall, inter alia, include the means and measures listed hereinafter, and if necessary, the aforementioned shall table an amendment to the law for the purpose of reducing electricity consumption:

A. A mechanism for generating units of energy saved (Negawatts) from electricity providers, electricity producers, electricity consumers, and other license holders in the electric power industry.

B. Use electricity bills as a clearinghouse for repayment of loans given to electricity consumers for investments in energy efficiency, taking into consideration financial exposure of the electricity providers from the implementation of this mechanism.

4. Task the Finance Minister, in consultation with the Energy Minister, with considering an update in the tax policy on accelerated depreciation for energy-saving products. The deliberations and the recommendations shall be completed no later than September 30, 2016.

5. Task the Finance Minister with granting a tax benefit in the form of accelerated depreciation at a 20% rate over a three-year period for photovoltaic commercial facilities, which will be included in the net metering arrangement with the Electricity Authority.

6. Task the Energy Minister, in consultation with the Environmental Protection Minister, the Construction and Housing Minister, and the Finance Minister, with evaluating the full range of means needed for forming regulations under the Energy Sources Law, 1989, without detracting from the standardization proceedings under the law, which would establish a requirement for energy ratings of new residential buildings and offices based on Israeli Standard 5282. The formulation of these means will take into consideration, among other things, passage of a cost-benefit analysis test. The evaluation shall be performed by September 30, 2016.

7. Task the Environmental Protection Minister, in consultation with the Construction and Housing Minister and the Energy Minister, to formulate and submit to the Government by September 30, 2016, a detailed plan to reduce emissions from existing and new buildings in Israel, in an effort to achieve a greenhouse gas emissions reduction target of 5.9 MtCO<sub>2</sub>e by 2030 in the building sector. The plan shall include, among other things, the following components:

A. Evaluation of measures for increasing the number of new buildings that will be built by 2030 in accordance with Israel's main green building standard, SI 5281: Sustainable Building, and for setting targets for said expansion in the commercial and public buildings sector, subject to evaluation as per subclause E.

B. Evaluation of technological means for achieving a reduction of emissions from buildings and of the feasibility of their implementation, subject to the evaluation stated in clause A.

C. Setting up economic instruments for incentivizing and assisting in achieving compliance with the green construction standard, where the integration of such instruments in the work of the mechanisms detailed in clause 1 above shall be evaluated by the authorities mentioned in that clause.

D. Increasing the number of entities dealing with certification of the green construction standard, in coordination with the Ministry of Economy.

E. A cost-benefit evaluation of the means necessary, and if necessary the new means, including evaluation of the feasibility of the overall reduction target for the buildings sector, which was set at the head of this clause.

8. For the sake of accomplishing the targets of electricity generation from renewable energy, as per Government Decision 542, to take the following measures:

A. Task the Energy Minister, according to clause 57A of the Electric Power Industry Law, with publishing no later than December 31, 2016, a plan for achieving the targets for electricity generation from renewable energy. The plan shall take into consideration, among other things -

(1) the economic and technical benefits, as well as the feasibility and availability, of the various renewable energy technologies.

(2) the operational considerations of the electric power industry, resultant from the integration of renewable energy production facilities using the various technologies.

(3) minimizing market costs and other policy considerations.

B. Instruct the Electricity Authority to set, no later than June 31, 2017, subject to its statutory authorization, arrangements for implementing the plan prepared by the Energy Minister as per subclause (A).

C. Task the Energy Minister, in accordance with clause 57A of the Electric Power Industry Law, with continuing to work toward achieving the target of 10% electricity generation from renewable energy sources, out of the total national electricity consumption in 2020, according to Government Decision 4450 of January 29, 2009.

D. Set up an interministerial team, headed by the Director General of the Ministry of Energy, with the participation of representatives from the Electricity Authority and Ministry of Finance, and including representatives of the Administration of Planning, the Israel Land Authority, the Ministry of Interior, the Ministry of Economy, the Ministry of Environmental Protection, and the Government Assessor, to evaluate obstacles to building renewable energy facilities and to submit recommendations for minimizing these obstacles. The team will evaluate, among other things, the following issues:

(1) Extending the duration of production licenses for renewable energy electricity-generating facilities to a period longer than 20 years, taking into consideration the economic life of the facilities.

(2) Cancellation or easing of the requirement to furnish shareholders' equity for renewable energy electricity-generating facilities.

The team will publish its recommendations for reducing the obstacles by September 30, 2016.

E. The Ministry of Energy and the Ministry of Environmental Protection shall work to remove obstacles to promoting the planning of large-scale land uses in favor of renewable energy, subject to the law, in order to meet the renewable energy targets.

F. Task the Finance Minister, in his role as chairman of the Israel Lands Council, to bring before the Israel Lands Council a proposed resolution for determining a uniform price for allocation of lands for the construction of renewable energy electricity-generating facilities, taking into consideration the type of project and the land use

assignment and in accordance with the rules that will be set by the Israel Government Assessor.

G. Task the Israel Land Authority with evaluating easements for dual use of lands for the sake of encouraging the construction of renewable energy facilities subject to the law.

H. Task the Finance Minister with completing, as quickly as possible, the legislative process for granting a tax exemption for individuals who are residential power producers for an income of up to NIS 18,000 (in 2008 prices) from photovoltaic or wind-generated electricity production.

I. Instruct the Accountant General at the Ministry of Finance to evaluate, no later than June 1, 2016, the integration of photovoltaic installations on the roofs of the buildings under her responsibility, subject to the law.

J. Task the Environmental Protection Minister with completing, no later than September 30, 2016, a bird sensitivity map based on professional work done at the Ministry of Environmental Protection in an effort to increase the certainty for wind-powered electricity-generating facilities.

K. Amend Government Decision No. 2117 from October 22, 2014, so that clause E of the previous Government Decision regarding the power offered to the grid from the photovoltaic station shall read “up to 40 MW,” instead of “30 MW.”

9. Set up a team, to include two representatives from the Ministry of Energy, of whom one shall be a representative of the Electricity Authority, as well as representatives from the Ministry of Finance, the Ministry of Economy, and the Ministry of Environmental Protection. This team will evaluate and put together means for a further reduction of greenhouse gas emissions throughout the economy, in an effort to meet the national targets for reduction of greenhouse gas emissions, which were set in Government Decision 542. The team will, among other aspects, evaluate the method of using coal for generating electricity while safeguarding Israel’s energy security and the use of biomass as an alternative fuel. The team shall submit its recommendations to the Finance Minister, the Environmental Protection Minister, and the Energy Minister no later than August 30, 2016.

10. Set up a steering committee, headed by a representative of the Ministry of Economy, whose members will be two representatives from the Ministry of Energy, of whom one shall be a representative of the Electricity Authority, as well as representatives of the Ministry of Finance, the National Authority for Technology and Innovation, and the Ministry of Environmental Protection. This steering committee shall, no later than September 30, 2016, form its recommendations for a plan to support and promote Israeli technologies in the fields of energy efficiency, renewable

energy, smart grid, energy storage, and reduction of greenhouse gas emissions. The plan shall include the following supporting instruments and tools:

A. Financial instruments for supporting start-up technologies and technologies in their pilot demonstration stage, and for penetrating both the Israeli market and overseas markets with Israeli technologies. In addition, creation of a dedicated financial instrument for supporting companies in their initial commercial demonstration stage.

B. Tools for marketing, promoting investments, and strategic advancement of the renewable energy and energy efficiency sectors within the Israeli market and in foreign markets. These shall include a facility for managing and networking the community of entrepreneurs, investors, companies, and businesspeople working to promote solutions in the fields of renewable energy and energy efficiency in Israel.

C. Complementary tools, including evaluation and recommendations for regulatory changes necessary for removing obstacles, and additional tools for promoting the industry, insofar as these will be deemed appropriate.

11. Task the Energy Minister, in consultation with the Economy Minister, Finance Minister and Environmental Protection Minister, to evaluate and form a method for supporting pilot facilities, for commercial demonstration of electricity generation, and for the provision of system services using renewable energy. The evaluation shall include support mechanisms, including grants for new Israeli technologies as per this clause. The evaluation shall be performed by June 30, 2016.

Task the Energy Minister, in consultation with the Economy Minister, Finance Minister and Environmental Protection Minister to amend clause C(6) of Government Decision No. 3484 of July 17, 2011, and determine that a quota of 50 MW for electricity-generating facilities through pilot facilities using innovative technologies, which expired on December 31, 2015, shall remain valid until the enactment of an alternative plan according to this clause, and in any case until no later than December 31, 2018.

12. Task the Transport and Road Safety Minister (hereinafter: “the Transport Minister”) and the Finance Minister, in consultation with the Environmental Protection Minister, with forming and operating a plan for promoting the use of public transport and for accomplishing the targets of reducing private car mileage as detailed in clause 1(B)(2) of Government Decision 542. The Transport Minister and the Finance Minister shall publish the plan for accomplishing the targets of reducing the private car mileage no later than June 30, 2017.

13. Task the Transport Minister and the Finance Minister, in consultation with the Energy Minister, the Environmental Protection Minister, and the Fossil Fuel Substitutes Administration in the Prime Minister’s Office, with evaluating economic

tools, including economic incentives. This team shall also evaluate recommendations of the Green Taxation 3 Committee that was set up under Government Decision 5327 of January 13, 2013, for promoting the reduction of greenhouse gas emissions in the transport sector. By June 30, 2017, the Transport Minister and the Finance Minister shall publish their recommendations for implementation of economic tools for promoting the reduction of greenhouse gas emissions in the transport sector.

14. Task the Energy Minister and the Finance Minister, in consultation with the Transport Minister, the Environmental Protection Minister, and the Fossil Fuel Substitutes Administration in the Prime Minister's Office, with evaluating economic tools, including economic incentives and tax policy, to promote infrastructure for altering the mix of fuels in the economy in such a way as to reduce greenhouse gas emissions in the various sectors. By December 31, 2016, the Energy Minister and the Finance Minister shall publish their recommendations for implementation of economic tools for promoting infrastructures for altering the mix of fuels in the economy.

15. Reduce energy consumption by the Government Ministries -

A. Task all of the Government Ministries and their autonomous units with appointing an energy superintendent, no later than May 31, 2016. The Ministry energy superintendent shall, once a year, via an online form on the Ministry of Energy's website, as per the requirement of the Director General of the Ministry of Energy or of a representative on his behalf, no later than March 1 of every year, report on the energy consumption of the Ministry over the past year. The superintendent shall also report on measures and steps taken to reduce said consumption and work to further reduce it.

B. Task the Energy Minister with forming and delivering a training course for the government employees who will be appointed as ministry energy superintendents. The Ministry of Energy shall publish the electricity consumption data of all Government ministries and their autonomous units annually.

C. Task the Civil Service Commission, in coordination with the Ministry of Energy, the Ministry of Finance and the Ministry of Environmental Protection, with forming and enacting, no later than June 30, 2016, mechanisms for encouraging energy efficiency in government ministries, in an effort to promote economizing in energy consumption within the ministries.

16. Task the Energy Minister and the Finance Minister, in accordance with their authority under clause 19 of the Electric Power Industry Law, to amend the Israel Electric Corporation's development plan such that it will not include the construction of Power Station D in Ashkelon, following the exhaustion of consultations with the Electricity Authority.

17. Set up a steering and monitoring committee on reducing greenhouse gas emissions, headed by a representative of the Ministry of Environmental Protection, with two representatives of the Ministry of Energy, one of whom shall be a representative of the Electricity Authority, the National Economic Council at the Prime Minister's Office, the Ministry of Finance, the Ministry of Economy, the Ministry of Transport, the Ministry of Interior, the Ministry of Construction and Housing, the Ministry of Foreign Affairs, the Ministry of Health and the Ministry of Agriculture and Rural Development (hereinafter: the "Steering Committee"). The Steering Committee shall be tasked with –

A. Following up on the implementation of this Government Decision and reporting to the Government, no later than December 31 each year, on the implementation of the Decision, and on the accomplishment of the targets set therein and in Government Decision 542. Prepare and submit to the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) periodic reports according to the UNFCCC Secretariat's instructions.

B. Evaluate, from time to time, the efficiency of the various measures detailed in this Decision according to economic cost-benefit considerations and to evaluate the Government's progress toward meeting the targets set in Government Decision 542, and make recommendations on updating the measures as needed.

It is hereby made clear, that the budgetary framework that has been allocated for this matter in Government Decision 542 is final and no additional budget shall be allocated, as a result of this Decision, for grants or loans.