



THE OCTOBER 7TH TERROR ATTACK AND THE IRON SWORDS WAR

STATE COMPTROLLER REPORT

Management of Critical Infrastructure and Services in Times of Emergency

February
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76B
Part Three

Foreword

The audit report submitted today to the Knesset is the tenth publication of the Office of the State Comptroller to address the deadly terrorist attack on October 7 and the Swords of Iron War, and includes audit findings regarding the management of critical infrastructure and services in emergency situations.

The report consists of two chapters:

- **Preparedness for Emergencies in the Energy Sector in light of the Swords of Iron War and Operation Rising Lion – Fuels, LPG, and Natural Gas**
- **Preparedness and Readiness of the Electricity Sector for the Swords of Iron War and Actions Taken during the War**

The Knesset State Audit Committee sub-committee decided not to bring these chapters in their entirety before the Knesset, but to publish only parts thereof, to protect the state's security, in accordance with Section 17 of the State Comptroller's Law, 1958 [Consolidated Version].

The Israeli home front is subject to ongoing threats – both security threats from enemy states and hostile organizations, and potential natural disasters, such as earthquakes, tsunamis, or fires. Emergency events are therefore likely to strike the State of Israel without warning, affecting economic activity and even disrupting it significantly. Successful coping with emergency situations depends directly on the degree of preparedness during routine times. Allocating resources in advance to prepare infrastructure and initiate processes enables rapid and precise action during a crisis to mitigate damage and ensure functional continuity.

Energy infrastructure, which includes facilities for energy production and storage, electricity grids, and fuel, liquefied petroleum gas (LPG), and natural gas facilities, is essential to the functioning of the economy. Given their great importance, advance preparation is required to protect them from threats and disruptions that are likely to be caused by emergencies and technical malfunctions. Proper preparation of energy and electricity infrastructure for emergencies is a prerequisite for ensuring functional continuity and minimizing damage during a crisis.

Preparedness for Emergencies in the Energy Sector in light of the Swords of Iron War and Operation Rising Lion – Fuels, LPG, and Natural gas

This audit examined a range of issues related to ensuring energy continuity in Israel during emergencies, in light of the challenges and risks faced by the energy sector during the Swords of Iron War.

It was found that Israel lacks comprehensive state regulation of the energy sector, a situation complicating the ability of the Ministry of Energy to formulate a long-term policy for the holistic management of all aspects of the energy sector on a continuous basis and to address the future challenges facing this sector. Among other considerations, as of the audit end date, Israel does not have legislation pertaining to the fuel sector during periods of emergency, which may hinder the regulation of emergency fuel stock maintenance and compromise the preparedness of the fuel economy in such circumstances. Additionally, Israel lacks a methodology-based policy for enhancing energy security, a practice prevalent among European Union nations. Furthermore, the Ministry of Energy has yet to adopt the policy commonly utilized within the European Union or any alternative policy in this domain.

It is recommended that the Ministry of Energy conduct a systematic process of drawing lessons from the Swords of Iron War and Operation Rising Lion and their implications for the energy sector, and promote a comprehensive national strategy for the sector, including the regulation of the Fuel Economy in Times of Emergency Law. During the Swords of Iron War and Operation Rising Lion, the significance of the Haifa Refinery (BAZAN) activities became more pronounced. Consequently, it is advised that the National Economic Council, in collaboration with the Ministry of Energy, the National Security Council (NSC), and the Ministry of Finance, examine the foundational assumptions underlying Government Resolution 1231. This resolution stipulated that BAZAN's activities, as planned in accordance with the National Economic Council's multi-year work plan, would be terminated by 2029, and that methods would be found to meet Israel's energy requirements and draw lessons from the Swords of Iron War. The Ministry of Energy, in coordination with the National Emergency Management Authority (NEMA) and the Ministry of Finance and other relevant government ministries, should take steps to accelerate all actions to increase the energy sector's preparedness for emergencies by formulating long-term action plans and allocating a dedicated budget to achieve the defined goals – the sooner the better.

Preparedness and Readiness of the Electricity Sector for the Swords of Iron War and Actions Taken during the War

This audit is organized into two sections: the first section examines the preparedness of the electricity sector for war prior to the outbreak of the Swords of Iron War, while the second section addresses the actions undertaken during the Swords of Iron War, in light of the electricity


sector's level of readiness prior to the conflict. The audit findings indicate that, despite the Ministry of Energy, NOGA – Israel Independent System Operator, and the Israel Electric Corporation (IEC) undertaking initiatives to enhance the electricity sector's emergency preparedness, the onset of the Swords of Iron War in October 2023 revealed persisting deficiencies in the sector's readiness to address the threats it encountered. In response to the outbreak of the war, these entities have actively sought expedited solutions to mitigate the identified gaps; however, deficiencies remain in certain areas.

The Swords of Iron War highlighted the risk of insufficient preparedness of the electricity sector for emergencies. The Ministry of Energy, NOGA, the Electricity Authority, and IEC should intensify efforts to address the gaps identified in this audit and maintain a high level of preparedness for future events, while constantly assessing the threats to the electricity sector. The Ministry of Energy and NOGA should supervise all the various players in the electricity sector to ensure that they do their part and prepare in advance for the occurrence of emergencies. The Minister of Energy should instruct his ministry to work with NOGA to prepare a plan to bridge the gaps and rectify the deficiencies identified in this report and to improve the electricity sector's preparedness for war, as well as to monitor its implementation.

In conjunction with the identified deficiencies in wartime preparedness as revealed in this audit report, the Office of the State Comptroller commends the dedication of the Israel Electric Corporation employees. Their resolute efforts in addressing faults, frequently at considerable personal risk, have been instrumental in repairing the damages inflicted upon the electricity grid and in restoring regular electricity supply to all customers,

including those situated in proximity to the combat zones. This endeavor resulted in the loss of four IEC employees' lives during the war, and in injuries to several others.

In conclusion, I wish to thank the staff of the Office of the State Comptroller in the Economy and National Infrastructure Division, as well as the employees in the Staff Division, for their efforts in carrying out inspection and audit processes with the utmost thoroughness, professionalism and integrity and in publishing clear, effective and relevant audit reports.



Matanyahu Englman

Jerusalem,
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**State Comptroller
and Ombudsman**