



State Comptroller
of Israel

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

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Background

The resilience of the civilian home front during wartime is predominantly contingent upon the uninterrupted operation of the electricity supply system, which is crucial for sustaining fundamental services such as water, food, communications, and transportation. Damage to critical components within the electricity sector may result in extensive and prolonged power outages, thereby significantly disrupting economic activity. Consequently, it is of paramount importance for the electricity sector to be thoroughly prepared for wartime contexts. The preparedness of the electricity sector for potential emergencies constitutes a long-term and ongoing process that must be undertaken prior to the outbreak of hostilities, as it encompasses phases that require the allocation of substantial resources and the preparation of various entities within the electricity sector to ensure functional continuity during emergencies.

The Ministry of Energy holds overarching responsibility for the continuity of electricity supply. It operates in conjunction with entities such as NOGA, which oversees the "Power Authority"¹, the Electricity Authority, the Israel Electric Corporation (IEC), and private electricity producers, who in 2023 collectively generated approximately 44% of the electricity consumed in the economy.

The attack on October 7, marked the commencement of the Swords of Iron War. In the context of this conflict, extensive firing was executed from multiple combat sectors, thereby posing a threat to vital electricity infrastructure across substantial regions of Israel for many months.

The Swords of Iron War underscored the substantial risk associated with the electricity sector's inadequate advance preparedness for emergency situations.

Alongside with the inadequate preparedness for emergency situations as identified in this audit report, the Office of the State Comptroller commends the commitment demonstrated by the employees of the IEC. Their resolute efforts in addressing malfunctions – often at personal risk – were pivotal in rectifying damage to the network and reinstating regular electricity supply to all customers. This commitment led to the tragic loss of four IEC employees during the war and resulted in injuries to several others.

¹ NOGA's system management license delineates that it shall function as the appointed power authority ("Power Authority") for the purposes of planning and operating within the electricity sector in times of emergency, and that NOGA's CEO will assume the role of the head of the Power Authority. As of October 2021, Noga serves as the Power Authority.

Audit Actions



From August to December 2024, the Office of the State Comptroller examined the preparedness and readiness of entities within the electricity sector for wartime, prior to the onset of the Swords of Iron War, as well as their activities during the war. The audit was conducted at the Ministry of Energy, the National Emergency Management Authority (NEMA), NOGA – Israel Independent System Operator, the Electricity Authority, the Government Companies Authority, and the Israel Electric Corporation. As part of the audit process, the audit team conducted a visit to the Israel Electric Corporation headquarters in July 2024, during an emergency exercise of the IEC. Additionally, the team visited the Ministry of Energy's emergency headquarters in December 2024, along with the IEC's Haifa Power Plant and the IEC's forward site located in northern Israel, where the company's emergency equipment is stored. The report is divided into two sections: the first section addresses the preparedness of the electricity sector for wartime prior to the outbreak of the Swords of Iron War, while the second section examines the actions taken during the war, as well as an assessment of the level of readiness of the electricity sector prior to the war.

The subcommittee of the Knesset State Audit Committee decided not to submit the full report to the Knesset, but to publish only parts thereof, in order to safeguard state security, pursuant to Section 17 of the State Comptroller's Law, 1958 [Consolidated Version].

Key Findings







Aspects of Preparedness and Readiness for Wartime – Certain deficiencies were identified in this regard.



The Ministry of Energy did not Update the Policy Principles Guiding the Electricity Sector's Preparedness for Emergencies – Although the Ministry of Energy is responsible for setting a policy that ensures the operational continuity of the electricity sector in both routine times and emergencies, the audit found that, prior to the onset of the war, the Ministry had not revised the relevant policy principles to reflect the developments that had occurred in the electricity sector since 2016. Consequently, the policy principles governing the emergency preparedness of the electricity sector at the commencement of the war were those approved by the Minister of Energy in 2019, which were based on the characteristics of the electricity sector at that time. Thus, these principles failed to reflect the changes that had occurred in the sector and the associated threats, including a net increase of approximately 1,000 megawatts in the installed capacity of natural gas-based generation facilities across the economy, the construction of stations by private electricity producers, and more.



The Diesel Sector at the Outset of the War – Deficiencies were raised in this regard.

-  **Failure to Transfer the Responsibility for Procuring Diesel for the Electricity Sector from the IEC to NOGA, as Mandated by the 2018 Government Resolution** – The electricity reform of 2018 stipulated that the responsibility for purchasing, storing, and apportioning diesel for the sector was to be delegated from the Israel Electric Corporation to NOGA as expeditiously as possible. The audit found that, on the eve of the Swords of Iron War, and as of the audit completion date in December 2024, the responsibility for purchasing and storing had not yet been transferred to NOGA. This situation arose because the Ministry of Energy, the Companies Authority, and the Ministry of Finance had not finalized the requisite actions to augment NOGA's equity, and NOGA had not executed the necessary measures for raising the capital needed for diesel procurement. Consequently, as of the audit completion date, approximately three years following NOGA's establishment and six years subsequent to the formulation of the electricity sector reform, NOGA is still not fulfilling its mandate concerning the procurement of diesel fuel stocks. In light of this, responsibility for this task continued to be vested in the IEC, despite the fact that the IEC's share of production in the electricity sector has been in a steady decline, with approximately half of the production managed by private electricity producers at the outbreak of the war.
-  **The Connection of Several Power Plants to the Diesel Fuel Transmission System** – Deficiencies were identified in this regard
-  **The Coal Sector** – Certain deficiencies were raised in this regard.
-  **Training of Certain Entities for Emergency Situations** – Deficiencies were raised in this regard.



Actions to Enhance Financial Certainty during the War – The Office of the State Comptroller favorably notes the initiatives undertaken by the Electricity Authority and the Accountant General aimed at augmenting the financial certainty of both the Israel Electric Corporation and the NOGA Company, particularly in light of the prevailing uncertainty during the war, until the Ministers' directives were established in November 2024; as well as the actions implemented by the Ministry of Energy to regulate, via ministerial directives, the framework for the acknowledgment of emergency procurement and equipment expenditures, alongside the determination of necessary directives to address urgent requirements through expedited procedures during the war.

Israel Electric Corporation Employee Activity During the War – The Office of the State Comptroller commends the commitment demonstrated by the employees of the IEC and their resolute efforts in addressing malfunctions, occasionally at personal risk, with the objective of repairing damage inflicted upon the network and reinstating regular electricity supply to all customers. This endeavor tragically resulted in the loss of life of four IEC employees along with the injuries of other employees during the war.

Key Recommendations



All relevant entities examined in this audit must take prompt action to rectify the identified deficiencies to enhance preparedness and readiness for emergencies.



NOGA Company must promptly address all gaps it itself has identified, as well as those raised in this report, to ensure that the electricity sector is adequately prepared for wartime. This involves, *inter-alia*, delineating the necessary investments required in the electricity sector to ensure preparedness for emergency and advising the Minister of Energy regarding essential emergency supplies in advance.



It is recommended that the Ministry of Energy establish comprehensive guidelines and operational procedures to ensure an organized approach to updating the policy principles, which should incorporate time frames for more frequent validation of these principles.



NOGA Company should draw conclusions from the Swords of Iron War and reassess on a regular basis the evolving needs of the electricity sector.



The Israel Electric Corporation must persist in fulfilling its responsibility for the procurement of diesel fuel to augment the domestic stock for emergencies, until such time as this



responsibility is officially transferred to NOGA Company, as stipulated in the reform resolution. This is particularly crucial during wartime.



The Ministry of Energy, the Ministry of Finance, the Companies Authority, and Noga must collaborate and act to achieve the necessary conditions for this transfer of responsibility for procurement of diesel from IEC to NOGA.

Summary

The findings of this report demonstrate that, despite the actions undertaken by the Ministry of Energy, NOGA, and the Israel Electric Corporation to enhance the electricity sector's preparedness for emergencies, significant deficiencies persisted in the sector's readiness to address the threats encountered during the Swords of Iron War in October 2023. Following the onset of the war, all stakeholders implemented ad hoc measures to identify and rectify the gaps that became apparent; however, certain deficiencies persist .

As of the audit completion date, there is a possibility that the outcomes of the war may have fostered a perception that the threat to the electricity sector had lessened, thereby potentially diminishing the urgency of the sector's war preparedness efforts. Nonetheless, the Swords of Iron War underscored the critical risks associated with the electricity sector's inadequate preparedness for emergencies. The Ministry of Energy, NOGA, the Electricity Authority and the Israel Electric Corporation must

address the deficiencies identified in this report and ensure a sustained high level of preparedness for future contingencies while continuously evaluating the threats to the electricity sector. The Ministry of Energy and NOGA must oversee the various stakeholders within the electricity sector to ensure compliance with their obligations and ensure proactive preparations for potential emergency events. The Minister of Energy must direct his ministry to collaborate with NOGA in preparing a comprehensive plan aimed at rectifying the gaps and shortcomings highlighted in this report, thereby enhancing the electricity sector's readiness for wartime scenarios and establishing mechanisms for monitoring its execution.

In conjunction with the noted deficiencies in war preparedness as raised in this audit report, the Office of the State Comptroller commends

the commitment displayed by the employees of the Israel Electric Corporation and their dedicated efforts in addressing malfunctions, often at significant personal risk, to repair the damage inflicted upon the network and restore regular electricity supply to all customers, including those in proximity to combat zones. Unfortunately, this vital work resulted in the tragic loss of four IEC employees during the conflict, along with the injuries of other employees.