

## **Do we need all this electricity?**

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The storm that erupted over the power outages this month underscored the superficiality of public debate in Israel. First, we were exposed to yet another vital and important field - like air, water, health and transportation - whose existence the media recalls only the morning after a breakdown. Secondly, with the collapse came the usual ritual of getting to the bottom of the matter - finding the code that will solve everything immediately. This time the result focused on "systemic failure to meet demand."

We learned that the Israel Electric Corporation did not plan well, fell behind in its preparations and irresponsibly reduced its production reserves. We were given explanations about a faulty system of decision making and about people sleeping on the job when it came to building new power stations, and we were offered conspiracy theories: a workers' committee that wants to stall reforms, a board of directors indifferent to the public's suffering, a minister aspiring to replace the chairman.

Some of these explanations contradict each other, but they all have one thing in common: the assumption that the amount of electricity needed in Israel is divinely given. The demand for electricity is a sacred cow.

Everyone "knows" that current demand, some 10,000 Advertisement megawatts per hour, is a real necessity, and recites like a mantra the statement that demand will continue to rise at an annual rate of 3 percent. All that remains is to enter the "data" into a pocket calculator and find out how many power stations, with what outputs, must be built in how much time.

Such a focus on managing supply, while giving up in advance on managing demand, is a sure recipe for a vicious cycle of waste and shortages. But lo and behold: The National Infrastructure Ministry's shelves are the proud repositories of a master plan for energy in Israel based on various assumptions concerning electricity demand.

Proper use of tax incentives and other administrative tools, the plan asserts, can save about a fifth of the electricity used in Israel - some NIS 4 billion a year.

The government could, for example, initiate a national project to replace air conditioners. It turns out that almost a million air conditioners in Israel are outmoded and waste staggering amounts of electricity. A calculation performed by economists at the Environmental Strategies company indicates that dismantling them, selling them as junk metal

and replacing them with new-generation air conditioners would save hundreds of millions of shekels in the long run, both for the economy and for their owners.

Another idea for increasing savings is a regressive differential rate of the sort used for water: A basic amount of household electricity would be sold at a low and subsidized rate, whereas for higher consumption levels, there would be a high fee. Such arrangements, alongside taxation of carbon emissions, which will surely become a necessity over the next decade because of global warming, will provide effective incentives for saving.

So why does the government not implement this master plan? It is tough to say. One reason is doubtless the fact that in calculating gross domestic product (GDP), on which every government bases its economic spin, every savings looks like a decline in growth - that is to say, an economic failure.

Another idee fixe that characterizes the current debate over the electricity industry has to do with energy sources. Under the sharp sword of sudden shortages at the height of summer, Israeli officials went back this week to talking shamelessly about power stations that burn heavy crude and even coal. Air quality? Let the citizens choke. Global warming? Let the world explode. This conditioned reflex proves once more that panic is a bad consultant. Germany and Denmark are already producing nearly a fifth of their electricity from wind turbines, and are planning to double the amount in the coming decades. Conservative Britain is close to producing 5 percent from wind, and Sweden is planning to free itself of dependence on oil and coal within 20 years. Only in the Negev Desert is a camel still wandering about, vainly seeking the solar power station that would finally exploit the sun's energy and Israel's technological edge and thereby start the process of catching up to countries that have already seen the light, such as Egypt and Qatar.

In the electricity industry, as in other fields, it is worth learning from mistakes and taking advantage of the crisis to contemplate what is really needed, who benefits from the waste and who ultimately pays the price for the unnecessary partying.