



## APPENDIX B

### Jerusalem District Electricity Co. Ltd ("JDECO") - Description of Corporate Business

#### 1. General background

The Jerusalem District Electricity Company (JDECO) is a joint stock company established in its current form in 1956. The company distributes and supplies electricity to consumers in and around Jerusalem, Bethlehem, Ramallah and Jericho. The company currently purchases over 95% of its electricity from the Israel Electric Corporation (IEC), with the remaining electricity purchased from the Jordanian National Electric Power Company. JDECO's activities in Jerusalem are regulated by the Israel Public Utility Authority for Electricity (PUA), while its activities in other areas are regulated by the Electricity Officer of the IDF's Civil Administration and the Palestinian Authority. The information presented in the current document focuses on JDECO's operations in the Jerusalem area only.

#### 2. Ownership, management and workforce

JDECO is a joint-stock company. 25% of its shares are owned by the municipalities of Jerusalem, Ramallah, Al-Bireh, Bethlehem, Beit Sahour, Beit Jala and Jericho, while the remaining 75% are owned by over 3,000 private shareholders. The board of directors consists of 18 members - 9 representatives of the municipalities and 9 representatives of the private shareholders. Since 2005, Mr. Yousef Dajani is the chairman of the board.

The company's structure consists of 6 main administrative divisions: Administration, Development and Strategic Planning, Technical, Public Relations, Finance, and Warehouses. In addition, there are 4 area branches – in Jerusalem, Ramallah, Bethlehem and Jericho.

Since 2000, the General Manger of JDECO is Mr. Hisham Omari. The heads of each of the 6 divisions serve as deputies to the General Manager. JDECO employs about 450 workers under Israeli labor laws (although it should be emphasized that the administrative units located in Jerusalem also serve JDECO's areas of activity outside Jerusalem).





### **3. Main activities**

JDECO is a distribution and supply company. In Jerusalem, it purchases electricity from the IEC and distributes it through its grid to its consumers. The company is also responsible for connecting new consumers to the grid, as well as metering and billing. As regards to the physical distribution of electricity, the company enjoys exclusive rights within its license area. As regards to supply (or retail), the company is obligated to sell electricity to all consumers within its license area.

### **4. Regulatory environment**

JDECO operations in Jerusalem are regulated by the PUA. The PUA has granted JDECO a 20-year license (until the year 2030) for electricity distribution in east Jerusalem, and an annually-renewable license for supply - selling electricity to consumers (JDECO has requested that the supply license will also be granted for a 20 year period). In addition to granting the licenses for operation, the PUA sets JDECO's tariffs (as well as the tariffs at which JDECO purchases electricity from the IEC), set rules and standards for operation and customer services, and supervises JDECO's activities. This regulation regime is defined by the Israeli Electricity Market Law from 1996, which set the foundations for the current regulation and market structure. According to the law, JDECO is defined as an Essential Service Provider – a definition which obligates it to provide services to all consumers within its license area without discrimination. The current tariff formula for JEDCO's consumers is based on the IEC end-consumer tariff plus 12.64%.

### **5. Consumers and demand**

JDECO has approximately 60,000 consumers in Jerusalem, almost all of which are households. Total consumption in 2011 stood at approximately 676 million kWh, and peak load at 145 MW. Since 2001, peak load has grown at an average annual rate of almost 8%, and this trend is expected to intensify in the upcoming years. All of the electricity distributed by the company in Jerusalem is currently purchased from the IEC at 12 connection points (most of which have a capacity of 20 MVA) between the IEC's and the JDECO's grids. A number of new connection points are planned for construction in the next few years, to allow JDECO to meet the growing demand for electricity.





## **6. Finances**

In 2011, JDECO's income from selling electricity in every area of operation reached approximately 680 million NIS, a growth of about 12% over 2010. The company registered a net loss of about 2.6 million NIS in 2011, as compared to 3.1 million NIS in 2010. The total assets in 2011 equal approximately 310 million NIS, of which 95 million are fixed assets. Activity in the Jerusalem area constitutes about 1/3 of the company's total economic activity. The Company uses Oracle Financials to manage its finances.

## **7. Assets**

Within its license area in Jerusalem the company owns and operates about 145 km of medium-voltage (11 and 33 kV) lines, and 320 km of low-voltage (400 V) lines. In addition, the company owns 6 transformation stations (33/11 kV), 109 indoor distribution stations, and 155 outdoor distribution stations.

## **8. Development plans**

JDECO works continuously to develop and upgrade its grid so as to meet all consumer demand while maintaining the highest possible level of reliability. Accordingly, the following investments are planned to take place in the upcoming years (the list is not-exhaustive):

- a) Construction of new power transformer stations
- b) Implementation of GIS system
- c) Implementation of a new financial system
- d) Development of SCADA control system
- e) Deployment of smart meters and smart networks
- f) Construction of a meters and transformers maintenance center
- g) New connection points with the IEC
- h) Implementation of Fraud Detection systems
- i) Deployment of prepaid meters

