

Reducing Israeli Dependence on Petroleum-Based Fuels in Transportation

Resolved:

Further to Government Resolution No. 1354 dated February 7, 2010, regarding the establishment of a national effort to reduce global dependence on petroleum-based fuels in transportation, and Government Resolution No. 2790 dated January 30, 2011, regarding executing the national plan to reduce global dependence on petroleum-based fuels, and in light of the national-strategic interest and economic and environmental potential inherent in the issue, it is resolved as follows:

1. To advance the transition of transportation in Israel to petroleum alternatives between the years 2013 and 2025, and to allow for the feasibility of reducing the weight of petroleum-based fuels as an energy source in transportation in Israel at a rate of approximately 30% by 2020, and by approximately 60% by 2025, in relation to the forecasted consumption for those years, as long as the transition is economically viable, through:
 - a. **Reducing the cost of living by reducing the cost of fuels for transportation.**
 - b. **Encouraging economic growth, including green growth**, inter alia by reducing the cost of energy for transportation, increasing growth in the energy market and technologies industry in Israel, promoting the environmental quality and preserving fiscal-budgetary responsibility in government activities;
 - c. **Simplifying and advancing regulatory processes** to initiate and establish business activities in the alternative energy field for transportation, both in the field of production and in fuel infrastructure and motor fleets.
 - d. **Establishing new regulations and policies** for new forms of public and private transportation, new methods of powering vehicles, and infrastructure for alternative sources of energy for transportation.
 - e. Accelerated regulatory incentives and support to carry out **technological demonstrations and field tests** of alternative energy for transportation.
 - f. **Advancing the assimilation of a range of additional new fuels**, which will reach the market in the future and which are not specifically mentioned in the framework of the activities in this Resolution.

2. **Governmental Action Plan**

- a. To instruct the Director General of the Ministry of Transport, National Infrastructures, and Road Safety:
 - i. To describe the safety and security needs for using buses powered by compressed natural gas (CNG), within 180 days, in coordination with the Ministry of Internal Security and the Israel Police.

- ii. To formulate, within 180 days, a regulatory outline for vehicles and traffic powered by alternative sources of energy, which are not petroleum based, including inter alia:
 - 1. Examining and determining the specifications for flex fuel vehicles, in consultation with the Tax Authority, including capabilities to use a range of bio-fuels, alcohol-based fuels, various gases and electricity in a vehicle's fuel and propulsion systems.
 - 2. Examining and determining the standards and regulations for converting vehicles to flex fuel vehicles.
 - 3. Completing the standardization in the field of electric and hybrid vehicles, including for repair shops and vehicles.
 - 4. Examining and determining the standardization for Class L electric vehicles.
 - iii. To formulate a plan for cooperation with automobile manufacturers regarding increasing the use of gasoline-methanol blends in the transportation sector in Israel, including increasing the scope of use of flex fuel vehicles in Israel.
 - iv. To formulate, in cooperation with the Budget Department of the Ministry of Finance and the Tax Authority, an outline for regulation and policies for the new forms of transportation that bring about a reduction in the use of private transportation in cities and at their entry-points, and to examine their transportation, energy and economic efficiency, using the following methods, inter alia:
 - 1. Personal mobility vehicles, including two-wheeled vehicles and electric cars and others from Category L .
 - 2. Public transportation vehicles based on electricity or natural gas, and to formulate coordinated policy steps.
 - 3. Personal rapid transit vehicles.
 - 4. Car sharing methods and models.
- b. To instruct the Director General of the Ministry of Industry, Trade and Labor:
- i. To examine, in consultation with the Director General of the Ministry of Energy and Water, the Ministry of Environmental Protection, and the Senior Deputy Director General (Planning and Economy) from the Tax Authority, and in coordination with the Director of Budgets in the Ministry of Finance, the obstacles to developing industry to create natural gas based fuels. The examination regarding gas-to-liquids refinement (GTL) will be conducted in the event that the economic feasibility for sale in Israel and abroad of this fuel changes in terms of competitive market conditions to purchase the gas, as outlined in Article F(2) below. The results of this examination will be presented to the ministerial committee for socio-economic affairs (the socio-economic cabinet), within 90 days of the day the findings of the

feasibility study to establish refineries are presented, as outlined in Article F(2) below.

- ii. To examine methods to advance and create future competition in the various alternative fuel markets, in consultation with the Anti-Trust Director, the Director of the National Plan for Petroleum Alternatives in the Prime Minister's Office, the Director of Budgets at the Ministry of Finance, the Accountant General of the Ministry of Finance, the Tax Authority, the Ministry of Energy and Water and the Ministry of Transportation, and to present the findings within 180 days to the ministerial committee for socio-economic affairs (the socio-economic cabinet).
- c. To establish an inter-ministerial committee, headed by the Senior Deputy Director General (Planning and Economy) from the Tax Authority and with the participation of representatives from the Prime Minister's Office, the Ministry of Energy and Water, the Ministry of Transportation, the Ministry for Environmental Protection and the Budget Department at the Ministry of Finance, which will formulate a taxation policy outline for a range of energy sources for transportation and vehicles, and for infrastructure facilities or refueling stations for petroleum alternatives, in accordance with external influences; and to encourage new technologies while advancing the assimilation of petroleum alternatives and preserving the fiscal-budgetary framework for government activities. The policy outline will be presented to the Government within 180 days of the committee's establishment.
- d. To instruct the Tax Authority to examine adapting green taxation policy in order to integrate flex fuel vehicles in Israel, in consultation with the Budget Department of the Ministry of Finance, the Ministry of Transportation and the Ministry for Environmental Protection.
- e. To instruct the Director General of the Ministry of Transportation and the Director General of the Ministry of Energy and Water to act in consultation with the Director for Standardization in the Ministry of Industry, Trade and Labor:
 - i. To examine standardization processes which would allow for the use of gasoline-methanol blends, at a level of 15% methanol (hereafter: M15), as well as mixtures with an even higher concentration of methanol, at levels of 30% to 85%, and to present their recommendations to the ministerial committee for renewable energies.
 - ii. To advance standardization processes which are found to be appropriate as laid out in Clause 2(d)(i) above, and to present a progress report, to be submitted by December 2013, to the ministerial committee for the advancement, development and implementation of renewable energies.
- f. To instruct the Director General of the Ministry of Energy and Water:

- i. To advance field trials and pilot projects to demonstrate and prove the economic and operational feasibility of petroleum alternatives in transportation in Israel. To this end, the Ministry of Energy and Water will use the appropriation budget in accordance with Government Resolution No. 2790 dated January 30, 2011, in order to establish pilot facilities in the amount of NIS 60 million by 2018.
 - ii. To examine the feasibility of establishing refineries for gas-to-liquids processes (GTL) in amounts that are economically significant, as well as to ensure that the activity of these refineries will withstand economic evaluation in terms of the competition that exists in objective business markets. The findings will be presented within 180 days to the ministerial committee for the advancement, development and implementation of renewable energies.
- g. To charge the Director General of the Ministry for Environmental Protection to conduct a technical-economic examination of the utilization of waste to create fuels for transportation and to formulate a work plan based on it, while taking into account the inventory of waste and based on a list of priorities determined by the Ministry for Environmental Protection.
- h. To establish an inter-ministerial team, headed by the Director of the National Plan for Petroleum Alternatives in the Prime Minister's Office, with the participation of representatives from the Ministry of the Interior, the Ministry of Transportation, the Ministry of Energy and Water, the Ministry for Environmental Protection, the Tax Authority and the Budget Department of the Ministry of Finance. The team will formulate a comprehensive policy to encourage introducing petroleum substitute-based transportation into cities, including the necessary infrastructure, while taking into account economic and fiscal considerations. The team will invite representatives from the local authorities to their meetings.
- i. As part of Green Government Initiative policy, to instruct the Accountant General of the Ministry of Finance to examine and formulate a policy outline to increase the use of vehicles powered by petroleum alternatives in the governmental motor fleet, as well as to prepare the necessary infrastructure to introduce non-petroleum based vehicles in the civil service, while preserving fiscal-budgetary responsibility in government activities, operational aspects and saving money on expenditures related to the governmental motor fleet.
- j. To charge the Director of the National Plan for Petroleum Alternatives at the Prime Minister's Office to present biannually to the government a report regarding the progress in reducing Israeli dependence on petroleum based fuels.