Ibrahim Rabaia*

Policies without Sovereignty: Palestinian Electricity under Occupation in Gaza**

سياسات بلا سيادة: قطاع الكهرباء الفلسطيني تحت الاحتلال في غزّة

Abstract: This study sheds light on the electricity sector in the Occupied Palestinian Territories since 1967, with a focus on the Gaza Strip. It explores the determinants of public policies regulating this sector following the establishment of the Palestinian Authority in 1993. The study addresses the outcomes of these policies and their impact on the electricity sector under occupation, and the repercussions of liberalizing the sector, which began with the establishment of the Oslo Accords' economic parameters and took root after 2008. The study proposes strengthening reliance on alternative energy sources for electricity production, and restructuring the electricity sector by centralizing production, distribution, and management through a national, public, and social corporation.

Keywords: Electricity Sector; Palestinian Authority; the Gaza Strip; the Israeli Occupation; Public Policy.

ملخص: تسلّط هذه الدراسة الضوء على واقع قطاع الكهرباء في الأراضي الفلسطينية المحتلة بعد عام 1967، مع التركيز على قطاع غزّة. وتبحث في محدِّدات السياسات العامة التي تنظّم هذا القطاع بعد إنشاء السلطة الفلسطينية عام 1993، وتحلل مخرجات هذه السياسات على قطاع الكهرباء الفلسطيني ونتائجها، وآثار لبرلته التي بدأت مع وضع محددات أوسلو الاقتصادية وتجذرت بعد عام 2008. وتقترح الدراسة تعزيز الاعتماد على مصادر الطاقة البديلة لإنتاج الكهرباء، كما توصي بإعادة هيكلة هذا القطاع عبر مركزة الإنتاج والتوزيع والإدارة في شركة وطنية عامة اجتماعية.

كلمات مفتاحية: قطاع الكهرباء؛ السلطة الفلسطينية؛ قطاع غزّة؛ الاحتلال الإسرائيلي؛ السياسات العامة.

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Introduction

Five days after the 7 October 2023 attack, dubbed “Operation Al-Aqsa Flood” by the Qassam Brigades, Israeli Energy Minister, Yisrael Katz, announced that his government would not allow electricity to be restored to Gaza until the Israeli hostages were returned.[1] He also threatened to bomb the only power plant in the Strip if it were operated,[2] which Human Rights Watch declared to be collective punishment amounting to a war crime. The Israeli army destroyed 70% of the electricity transmission and distribution networks in the Strip, and about 70% of its solar panels during the first month of the war alone.[3]

The events that followed 7 October are no exception to the treatment Gaza has endured under the siege imposed on the Strip since 2007. In a report on average daily power outages in Gaza in 2021, UNICEF estimated that such outages totalled 11 hours per day.[4] Although outages are part of the broader crisis suffered by the Palestinian electricity sector under occupation, it has been more concentrated and severe in Gaza.

The ongoing electrical current deficit has led homes and industrial facilities in Gaza to rely on electrical generators which, by the year 2009, had grown in both size and capacity to the point where they could supply citizens with electricity outside the grid, notwithstanding crises lack? I think this is a better word. of regulation and oversight.[5] Overall, the comprehensive Israeli siege of the Gaza Strip, the internal political division, the deterioration of the local economy, and the weak governance of the electricity sector in Gaza, have led to the decline of this sector.

The total consumption of electricity in the West Bank and the Gaza Strip in 2019 amounted to approximately $743 million, 89.86% (or 6,025 gigawatt hours (GWh)) of which was imported from Israel. Over the past three decades, the Gaza power station has produced about 591 GWh, making up only 10% of the total consumption of the West Bank and the Gaza Strip.[6] The total household consumption comes to about 1,179.5 GWh distributed among 354,000 subscribers, compared to 608.4 GWh distributed among 4,000 subscribers in the industrial sector, and 665.9 GWh consumed by about 80,000 subscribers in the commercial sector.[7]

This paper explores the shortcomings in the Palestinian electricity sector and the resulting weak returns on the electricity policies under occupation, with a focus on the Gaza Strip, as development plans under the government of Salam Fayyad (2007-2013), as well as subsequent governments, gave priority to this sector. The study examines the public policy determinants in the Palestinian context, the strategies and laws regulating this sector, the corresponding application of these policies, and colonial restrictions on this sector. The paper reviews and analyses Palestinian political and legislative plans and systems. It traces the shifts in this sector, as well as their implications and repercussions.

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1 “Isrāʾīl: Lan Nuʿīd al-Kahrubāʾ wa-l-Māʾ ilā Ghazzah ilā Baʿd Iʿādat al-Rahāʾin wa-l-Mukhtaṭafīn,” *Al-Hurra*, 10/12/2023, accessed on 10/1/2024, at: https://2u.pw/YuRszda

2 “Masʾūl: Khasāʾir Shabakat Kahrubāʾ Ghazzah Tajāwazat 30 Milyūn Dūlār,” *Al-Arabiyya*, 22/10/2023, accessed on 10/1/2024, at: https://2u.pw/Ul6lhki

3 “Milḥim: 70% min Shabakāt Naql wa-Tawzīʿ al-Kahrubāʾ Tadammarat bi-Sabab el-ʿUdwān ʿalā Ghazzah,” *Wafa*, 8/11/2023, accessed on 10/1/2024, at: http://tinyurl.com/y8bpz3nk

4 “Ghazzah bi-Dūn Māʾ Wa-Lā Kahrubāʾ wa-Lā Ghithāʾ: Mā Mawqif al-Qānūn al-Dawlī,” *BBC*, 17/10/2023, accessed on 10/1/2024, at: http://tinyurl.com/md3kfa2n

5 “Azmat al-Kahrubāʾ fī Qiṭāʿ Ghazzah: al-Ḥulūl al-Mumkina bayn al-Muwallidāt al-Tijāriyya wa-l-ʿAddād al-Dhakī,” *Fact Sheet*, Al-Meezan Center, accessed on 27/1/2024, at: http://tinyurl.com/5739kf5w

6 Palestinian Energy and Natural Resources Authority, *Taqrīr al-Ṭāqa al-Kahrubāʾiyya fī Filasṭīn 2016-2019* (Ramallah: 2020), accessed on 10/2/2021, at: https://bit.ly/3eVmDmS

7 Ibid.

Determinants of Public Policymaking in Palestine

According to Ali Al-Jarbawi,[8] development in the occupied territories prior to the Oslo Accords underwent three main phases. The first phase was marked by direct Arab support for projects in cities and villages, which helped strengthen infrastructure and social structure. The second phase coincided with the First Intifada after 1987, and witnessed dispersion in funding and support, while the third phase involved the direct, public or official? entry of foreign financers. In Al-Jarbawi's view, the Israeli occupation depletes resources and restricts development capabilities that militate against its colonial project, which made it very difficult to institutionalize a development process without an autonomous, sovereign regulatory authority with a specific plan that links needs to development and unifies dispersed financing channels. Therefore, these hurdles must be overcome first to launch development, while at the same time avoiding corruption and its contributing factors.

While Palestinians have not succeeded in forming an independent authority, the Palestinian Authority (PA) inherited a warped legislative system in which Ottoman, British, Jordanian, and Egyptian laws, as well as Israeli military regulations were intertwined. It was also restricted economically by the Paris Economic Protocol signed in 1994 by the Palestine Liberation Organization and Israel, which forced the PA to remain in a single customs framework with Israel at a time when the latter was developing economically. The protocol restricted the PA's ability to formulate autonomous financial and monetary policies, subordinating it to Israeli hegemony. It also determined price differences and the sources from which vital commodities, such as fuel and energy sources, could be imported. Moreover, not satisfied with the restrictions imposed by the Paris Protocol, Israel added non-tariff barriers, most of them security-related, to hinder the development and growth of the Palestinian economy, while keeping it bound to Israeli importers and merchants.

Faced with complex and unprecedented circumstances in which direct and indirect colonialism intersected with neo-colonialism,[9] the PA devised a unique model of public policymaking which directly affected the electricity sector while limiting the ability to develop not only this sector, but most other developmental sectors as well. The most important of these public policymaking determinants are as follows:

- **Compound dependency:** The fragility of funding led to a forced Palestinian dependency on two fronts. The first was a dependency on Israel, whereby the occupation maintained control over the flow of clearance funds, which are taxes Israel collects on behalf of the Palestinian Authority on goods imported to Palestinian merchants through Israeli crossings. Beginning in August 1997, the Israeli government began freezing these funds or manipulating their transfer to the Palestinian Authority as a form of political punishment. These funds were cut off for nearly two years, between December 2000 and December 2002, during the Al-Aqsa Intifada. This fragility was not incidental, but rather was consolidated by the Paris Protocol, which attached the economy of the emerging PA to the Israeli economy in both quantity and quality.[10] By 2016, the burdens on the clearing bill under the net lending clause reached approximately \$1.714 billion, which exceeded the Palestinian public debt at that time. This amount was deducted in favour of Israeli supply companies, especially in the areas of electricity and water.[11]

  The second face of dependency is international aid, which has further subordinated the PA to the international financing agenda. Between 1993 and 2017, the Palestinian economy received about

[8] Ali Al-Jarbawi, "al-Tanmiya fī al-Arāḍī al-Filasṭīniyya al-Muḥtallah: Shurūṭ al-Ilḥāq wa-Shurūṭ al-Inṭilāq," *Palestinian Affairs*, no. 235-236-237 (November-December 1992), pp. 3-14.

[9] Tariq Dana, "Madkhal li-Fahm al-Iqtiṣād al-Siyāsī lil-Arāḍī al-Filasṭīniyya al-Muḥtallah," *Omran*, vol. 8, no. 30 (Fall 2019), pp. 57-80.

[10] S. S. Elmusa & M. El-Jaafari, "Power and Trade: The Israeli-Palestinian Economic Protocol," *Journal of Palestine Studies*, vol. 24, no. 2 (1995), pp. 14-32.

[11] Melki Suleiman, "Naḥw 20 Milyār Shīkil Khasirathā ʻal-Maqāṣṣahʼ Khilāl ʻAqdayn bi-Sabab Band ʻIstithnāʼīʼ," *Al-Hayat Al-Jadida*, 16/11/2021, accessed on 8/18/2022, at: https://bit.ly/3bQooD6

$36.2 billion, which was spent according to the requirements of liberal-market and institution building. In a comparison between poverty rates and the share of foreign aid, the figures show that the overall poverty rate hit 25.4% in 2004, with a $323 per capita share of international aid. Conversely, poverty rates rose to 26.1% in 2008, despite the fact that per capita share of foreign aid had more than doubled to $685.5.[12]

International aid is generally linked to political reality. In February 2019, former US President Donald Trump (2017-2021) announced the suspension of all forms of financial aid provided to the Palestinians, which was estimated at more than half a billion dollars annually, including funding for the United Nations Relief and Works Agency for Palestinian Refugees, and the direct funding for PA institutions and projects, civil society, and the private sector.[13] This led to the paralysis of US-funded development projects without the Palestinians' being able to compensate for this loss on their own.

- **Lack of sovereignty:** The core of the development crisis in the Palestinian case lies in the absence of an independent state capable of taking genuine responsibility for development action. The process of policymaking under occupation and in the context of absolute Israeli control is complex. Palestinians have been robbed of the ability to invest their resources in what the Oslo Accords designated as "Area C", which covers more than 60% of the area of the West Bank and holds the resources that would be capable of bringing about real development, while production in the Gaza Strip has been besieged and severely affected since the year 2000

The lack of sovereignty limits any development of the electricity sector in the Occupied Palestinian Territories, specifically in the Gaza Strip. By 2006, the occupation had bombed six of the Strip's power plants, resulting in a sustained deficit in the available electrical current. Moreover, the occupation's control over the quantities and periods of fuel input came to determine how much electricity citizens could receive from the existing plant, which only produces around half of the electrical energy in the Gaza Strip, while Israel controls the other half, which the Gaza Strip imports directly from the Israeli supplier through ten supply lines. Citizens have attempted to resolve the crisis produced by the usurpation of their sovereignty by using commercial generators, which sell electricity to citizens with a limited supply capacity that covers parts of certain neighbourhoods and regions. By 2019 there were approximately 274 commercial generators that organized themselves into 125 companies,[14] with approximately 50,000 subscribers. However, the operation of these generators is also dictated by the flow of fuel through crossings over which the Palestinians have no sovereignty. The occupation has further restricted the ability to bring generators into the Gaza Strip by requiring them to be fitted with Global Positioning System (GPS).[15]

- **Policy uncertainty:** Political deadlock, the lack of alternative solutions or a comprehensive Palestinian national vision, together with the entrenchment of settlement and Israeli settlers' hegemony over land and resources, have precluded any ability to predict and formulate clearly defined policies. The settler-colonial project renders any policy scenarios, be they optimistic or pessimistic,ineffective. . Moreover, the compound dependency robs policies of the necessary implementation tools

In fact, policy uncertainty is a direct reflection of the nature of Palestinians' relationship with the occupation, which produces financial, political, and economic dependency, and renders Palestinian

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12 Jeremy Wildeman & Alaa Tartir, "Can Oslo's Failed Aid Model Be Laid to Rest?," *Al-Shabaka*, 18/9/2013, accessed on 23/7/2022, at: https://bit.ly/3peDCF7

13 Hiba Jaffal, "Waqf al-Musāʿadāt al-Amīrkiyya lil-Sulṭa al-Filasṭīniyya wa-l-Baḥth ʿan Qiyāda Badīla," *Situation Assessment*, Masarat Center, 2019, accessed on 16/2/2021, at https://bit.ly/3lXmstk

14 Ashraf Abu Musa, "Wāqiʿ al-Nazāha wa-l-Shafāfiyya wa-l-Musāʾalah fī Idārat Qiṭāʿ al-Kahrubāʾ fī Qiṭāʿ Ghazzah," *Report Series*, no. 203, Aman, 2021.

15 "Azmat al-Kahrubāʾ fī Qiṭāʿ Ghazzah."

governmental policy-making meaningless, if not consciously adapted to the constantly changing determinants of the occupation. Thus, uncertainty extends to all sectors, beginning with individuals' daily lives. People experience uncertainty in mobility, transport, commercial exchange, and the ability to receive services, all of which are subject to the occupation's measures at checkpoints and crossings, and the security and political conditions imposed on movement and transportation, which in turn impact policy formulation and implementation and the governance system overall[16]

Former Palestinian Prime Minister Rami Hamdallah (2013-2019) addressed this during the opening of the Al-Jalama Electricity Transmission Station in the northern West Bank, stating:

> We demand that Israel offer assistance and cooperation in support of our efforts to build power lines and generating stations. It must enable us to continue construction, development, and the exploitation of natural resources in Area C, control the revenues from energy sales there, establish an effective system for granting the necessary approvals and licenses to connect the transfer stations to each other, and build feeders from the transfer stations we have established. We also call on Israel to refrain from deducting the cost of energy consumption from Palestinian clearing funds.[17]

- **Enforced geographic discontinuity**: The geographical discontinuity between the West Bank and the Gaza Strip has always been an obstacle to public policy formulation, implementation, monitoring, and evaluation. The PA made efforts to engage in policy harmonization prior to 2000. However, the Second Intifada, the resulting shift to emergency financing, and the occupation's destruction of infrastructure on all levels rendered any talk of development a mere luxury, which led to a pause in policy action. The occupation also cut off communication between the Gaza Strip and the West Bank and besieged Jerusalem, removing it from the Palestinian policymaking sphere overall. In 2007, the crisis of geographical separation was further exacerbated by internal political division, which saw the National Authority and the Palestine Liberation Organization lose control over the Gaza Strip, as well as their ability to act and influence policy there.

  This geographical separation has created a major policy challenge for the electricity sector. It prevents planning for sustainable development in electrical power given the impossibility of establishing a unified infrastructure and obtaining single supply sources, and due to the emergence of different ruling authorities in the two regions since the Hamas-Fatah division in 2007. It has also led to dual responsibility for the electricity sector in the Gaza Strip, and in the Gaza Electricity Company specifically, which was reflected in tasks such as revenue collection, financial statements, payment mechanisms, maintenance, and grid development. The electricity sector in Gaza has further faced political and administrative difficulties. In 2009, the European Union financed the plant's operation, supplying it with 88,000 cubic litres of fuel to generate 60-65 megawatts, which decreased to 4,500 cubic meters per month, enough to operate a 30-megawatt generator. This was followed by the crisis around the "blue" tax linked to the price of fuel, which Hamas demanded be lifted from the Gaza Strip, but the Palestinian government rejected this demand because the tax is automatically collected by the occupation. In 2015, a factional committee was formed to manage this sector; however, the Palestinian government stopped paying for electricity supplies through the Israeli supplier until 2017, when Qatar committed itself to bear the costs of the fuel needed to operate the plant as part of what came to be known as the Qatari grant.[18]

- **The business sector as a policy influencer:** Financial fragility provided an entry point for the banking sector, controlled by the business elite, to influence public policies in exchange for loans. Successive

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[16] Mark Griffiths & Mikko Joronen, "Governmentalizing Palestinian futures: uncertainty, anticipation, possibility," *Geografiska Annaler: Series B, Human Geography*, vol. *103*, no. 4 (2021), pp. 352-366.

[17] "Jinīn: al-Ḥamdallah Yudashin Maḥaṭat Taḥwīl al-Ṭāqa al-Kahrubāʾiyya fī al-Jalamah," *Wafa*, 10/7/2017, accessed on 11/2/2021, at: https://bit.ly/3EsaMdk

[18] "Muʿālajat Azmat al-Kahrubāʾ fī Qiṭāʿ Ghazzah," *Policy Analysis*, Masarat Center, 11 January 2023, accessed on 12/1/2024, at: https://2u.pw/laqqhRw

Palestinian governments borrowed from banks to fill financing gaps and cover expenses during periods when clearing funds had been interrupted. By the end of 2018, loans from the local banking sector made up approximately 54% of the total internal public debt.[19]

Successive financial crises also hindered the Palestinian government from paying private sector dues, which provided an additional entry point for the private sector to increase its impact on policymaking. By the end of 2018, cumulative private sector arrears owed by the Palestinian government came to nearly $3.41 billion.[20]

Given the nature of this relationship, businessmen with ties to the banking sector and government contracts became public policymaking actors, which triggered an increase in the costs of implementing policies and related programs. For example, government-sector supply prices are higher than those connected to contracts with other sectors to compensate for late payment. The government also accepts high interest rates and allows discussion of mandatory reserve rates[21] in return for loans from the local banking sector. For example, Bashar Masri, Board Chairman for the Palestine Holding Company "PADICO", announced a project in Gaza City to generate electricity from solar energy with a production capacity of about 50 megawatts and a cost of about $60 million based on investing in public spaces along 45 km of Salah al-Din Street, which runs the length of the Strip from north and south, at a time when there was a reluctance to invest in Gaza.[22]

The Electricity Sector in the Occupied Territories: Shackling, Domination, and Subordination

The Israeli strategy in the occupied territories since 1967 has been based on three main pillars: hindering development and preventing any Palestinian sector from developing and competing with counterpart sectors in Israel; exploiting resources for the benefit of the Israeli economy, including manpower, raw materials, and Palestinians as consumers; and developing settlements, including production. All these pillars necessitate preventing Palestinians from controlling their own resources, most importantly energy, which is essential for production and development, while its appropriation is a necessary condition for development impoverishment. Electricity is also a tool for controlling and punishing Palestinians. In 1967, Israeli Defence Minister Moshe Dayan stated, "When the electricity grid in Hebron is fed from the central (Israeli) grid, we can pull the plug and cut off the electricity, which is obviously better than a thousand curfews, or dispersing a thousand riots".[23]

In 1969, Israel gradually linked the Gaza Strip to the Israeli electricity grid, beginning with the large cities, especially Gaza City, followed by Khan Yunis and Deir al-Balah in 1970. Mayors and local council chairmen objected to this linkage and, in a meeting with Israeli Defence Minister Moshe Dayan, demanded the separation of grids immediately and that they be allowed to purchase their own generators. However, Dayan rejected this demand, asserting that it was necessary to supply the Strip with Israeli electricity to facilitate the work of his army patrols.[24]

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19 Nasr Abdel Karim, "Wāqiʿ al-Dayn al-ʿĀm wa-Mutaʾakhkharāt al-Qiṭāʿ al-Khāṣ fī Filasṭīn," *Report*, Aman Coalition, 2019, accessed on 24/7/2022, at: https://bit.ly/3Ex9yNJ

20 Ibid.

21 In an online meeting with journalists held on 12 April 2020, Palestinian Finance Minister Shukri Bishara stated that the Monetary Authority was about to reduce the mandatory reserve for the banking sector from 9% to 5% with the aim of providing liquidity of up to about US$ 520 million. See: "Bishāra: Qarār Qarīb Li-Sulṭat al-Naqd Bi-Shaʾn al-Iḥtiyāṭī al-Ilzāmī," *aliqtisadi*, 12/4/2020, accessed on 27/1/2024, at: https://bit.ly/3T56Zqj

22 "Bashār Maṣrī Yuʿlin ʿan Mashrūʾ Badiku 'Ṭāqat Amal' Li-Tawlīd al-Kahrubāʾ fī Ghazzah," *Padico*, 21/9/2023, accessed on 5/1/2024, at: https://2u.pw/5JODAbE

23 Dana.

24 Sarah Roy, *The Gaza Strip: The Political Economy of De-development* (Beirut: Institute for Palestine Studies, 1995), p. 192.

As talks about a path to peace gained steam in the late 1980s, the PLO's Department of Economic Affairs and Planning charged Youssef Sayegh[25] with managing a team to prepare a national development program called "The General Program for the Development of the Palestinian National Economy for the Years 1994-2000". Sayegh had reservations about the use of the term "energy" as long as this sector remained limited and weak in composition, and confined to electricity and related production, distribution, and subsequent extraction or development. The plan stated that Palestine lacked the natural resources needed to make the energy sector sustainable and independent, such as oil and natural gas, and that the sources of sustainable energy production such as hydroelectric sources, wind, and solar energy were limited, resulting in a restricted, narrow sector that depended almost entirely on energy imports. The plan described Israel as a monopolistic partner that had been foisted upon the Palestinian energy sector. The total production of generating stations run by municipalities and local companies in seven major cities was quite limited, coming to no more than 59 megawatts, or a mere 25% of total consumption at the time.[26]

The crisis facing the future Palestinian entity in the electricity sector was related to structural dependency on the Israeli producer and importer, and the limited ability to produce energy with independent management and self-regulation. The plan stated that the relationship between the Palestinian and Israeli energy sectors was not one that could be quickly changed and dismantled. As such, it placed priority on developing and modernizing production capacities and infrastructure and expanding alternative sources. These priorities would be realized via three programs that would operate simultaneously, namely, an energy production program, an energy distribution program, and a program to enhance relevant institutional capabilities.[27]

The plan proposed the establishment of a temporary diesel-operated plant in Gaza, while connecting the sector to the Egyptian grid pending completion of a modern, gas-operated plant that would cover rising demand until the year 2000. It is important to note that the plan proposed the creation of a national electricity company that would bear responsibility for production, distribution, administrative organization, and legislative framing, and which would be linked to an institution for the development and exploitation of alternative energy and energy conservation. The estimated cost of the proposed electricity sector development projects came to approximately $376-457 million, in addition to $25-30 million to be allocated for the proposed linkage.[28]

In 1993, in a plan to counter that of Sayegh, the World Bank proposed gradual privatization, governance, and ousting municipalities of the ownership of electricity companies, as well as converting them into shareholding companies. According to the World Bank, the main problems facing the electricity sector were a lack of transparency and weak consumption and investment. It proposed short-term goals including improving efficiency by enhancing transparency and institution building, improving the quality of service, fostering cooperation with Israel, Egypt, and Jordan, financing through public bonds, and attracting local and foreign investors. However, the World Bank disregarded the issues of responsibility for infrastructure and supplying electricity to the settlements, arguing that these matters should be topics of bilateral negotiations.[29] During the following decades, this disregard became a common feature of interventions in Palestine by international institutions and donors. The World Bank plan estimated the support that would be needed

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25 Yousef Sayegh is a Palestinian economist and researcher, and former member of both the Palestinian National Council and the Executive Committee of the Palestine Liberation Organization. Sayegh helped establish the Palestinian Planning Center, which he managed until 1971, after which he served as director of the Palestinian National Fund.

26 Palestine Liberation Organization - Department of Economic Affairs and Planning, *al-Barnāmij al-ʿĀm li-Inmāʾ al-Iqtiṣād al-Waṭanī al-Filasṭīnī lil-Sanawāt 1993-2000* (Tunis: 1993), pp. 899-925.

27 Ibid.

28 Ibid.

29 World Bank, *Developing the Occupied Territories: An Investment for Peace* (Washington DC: The World Bank, 1993), V5.

by the electricity sector at $7 million in the short term, $357 million in the mid-term, and $600 million in the long term, for a total of $967 million, including investment in infrastructure, technical capacities, and regional integration.[30]

The Electricity Sector: Crisis of Policies and Restrictions

These determinants have had a major impact on Palestinian governments' ability to formulate effective public policies in the energy sector, especially the electricity sector. Hence, the PA has not been successful in achieving electricity independence and security, as the electricity coming from Israel constituted nearly 89.86% of the total energy consumed in the West Bank and the Gaza Strip.[31] Meanwhile, Israel persisted in its policies of domination over the Palestinian energy sector, ensuring its dependence on Israeli production sources.

The Palestinian Energy Authority has overseen the energy sector since its establishment under Law No. 12 of 1995, which regulates the work of the Authority with respect to the electricity sector in terms of production, distribution, management, organization, monitoring, and responsibility for infrastructure, import, and export.[32] However, these responsibilities clashed with the reality of this fragile sector and the existing centres of responsibility in which the municipalities were the main actors, such as the municipality of Nablus and hundreds of municipal and village councils that produced and distributed electricity via locally owned diesel-run generators either as partners in the Jerusalem Electricity Company in the central West Bank, or as producers and distributors.

Moreover, the net lending dilemma has constituted a continuous drain on Palestinian revenues. Net lending in 2015 amounted to approximately $300.5 million; in 2017 it came to approximately $271 million; and the cumulative value between 2003 and 2016 was nearly $4.48 billion.[33] It is noteworthy that this direct deduction from funds to which Palestinians have the right, and which are collected by Israel, began in 1997 with a letter from the Palestinian Minister of Finance authorizing its Israeli counterpart to deduct the Gaza electricity bill from the Palestinian dues "which had been withheld at the time as a form of punishment".[34] The consequences of net lending, which are intertwined in the electricity sector in Gaza, became still more complex following the Palestinian division in 2007. In total, net lending for electricity related to Gaza amounts to nearly $10.8 million per month.[35]

The Palestinian Ministry of Finance estimated that net lending for 2013 came to about $82 million, while $211.2 million was deducted. This applies to electricity, as neither the Energy Authority nor the Palestinian Ministry of Finance has access to information, data, and actual bills indicating consumption. The access to information crisis was further exacerbated in the Gaza Strip after the Palestinian division of 2007, as these funds were deducted from the clearing funds without the Energy Authority or the Ministry of Finance receiving any reports on consumption and its value, bills, or what had been collected, and without the public treasury receiving any revenues.[36]

To address this crisis, the Electricity Law of 2009 expanded the base of actors with responsibility. More specifically, this law laid out a comprehensive plan led by the Palestinian government to regulate

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30 Ibid.

31 Palestinian Energy and Natural Resources Authority.

32 "Qānūn Raqm (12) Li-Sanat 1995 Bi-Shaʾn Inshāʾ Sulṭat al-Ṭāqā al-Filasṭīniyya," *al-Muqtafi*, accessed on 18/2/2021, at: https://bit.ly/3VgZWg8

33 Muayyad Afaneh, *Ṣāfī al-Iqrāḍ.. Muʿḍillah Tastanzif al-Muwāzannah al-ʿĀmma Bi-Milyār Shīkil Sanawiyyan* (Ramallah: Aman Foundation, 2017).

34 Ibid.

35 Ibid.

36 Ibid.

this sector and shift responsibility for distribution to companies owned by municipalities and managed within the parameters of the private sector. Furthermore, this law included severe penalties for those who produced and distributed electricity without a license or who stole electricity, while allowing companies to cut off power to anyone who failed to pay bills over three consecutive months.[37]

Table 1: Net Lending (2003-2016)

Year	Net lending (in million USD)	Overhead expenses and net lending (in million USD)	Ratio of net lending to total expenditures (%)
2003	173	1635	10.58
2004	157	1528	10.27
2005	344	2281	15.08
2006	376	1707	22.03
2007	535	2877	18.6
2008	446.9	3487.7	12.81
2009	374	3375.9	11.08
2010	243.3	3200.1	7.6
2011	139	3256.9	4.27
2012	277.2	3258.2	8.51
2013	211.2	3419.1	6.18
2014	287.4	3606.9	7.97
2015	300.5	3621.4	8.3
2016	269.8	3878.2	6.96

Source: Muayyad Afaneh, *Ṣāfī al-Iqrāḍ.. Muʿḍillah Tastanzif al-Muwāzannah al-ʿĀmma Bi-Milyār Shīkil Sanawiyyan* (Ramallah: Aman Foundation, 2017).

Policies Without Sovereignty: Limited Impact

Israel is a member of the Ad Hoc Liaison Committee (AHLC), which supervises planning and policymaking related to international support. This committee includes international donors, both institutions and governments,[38] and encompasses four strategic groups specializing in governance, infrastructure, economy, and social development. Israel's membership in the AHLC gives it and the donors the opportunity to register

[37] Qānūn Raqm (13) Li-Sanat 2009 Bi-Shaʾn Qānūn al-Kahrubāʾ al-ʿĀm," *al-Muqtafi*, accessed on 19/2/2021, at: https://bit.ly/3ST8Y18

[38] AHLC is the main body responsible for coordinating aid to the Palestinian Authority. Established in 1993, it meets periodically in Brussels or New York. It is chaired by the Kingdom of Norway and consists of 15 members, including key donors from the European Union, Arab countries, the United States and Japan, in addition to relevant international institutions.

their objection to Palestinian plans, programs, and policy frameworks, which are rendered without value if they fail to obtain Israeli approval for implementation and funding from donors.[39]

Within the AHLC framework, Palestinians are absent from two important committees, namely, the joint liaison committee and the project implementation task force. In both committees, Israelis and donors work directly to coordinate in implementing projects and overcoming the obstacles they face. This situation robs Palestinians of any ownership or sovereignty over planning or implementation, while reinforcing donors' roles as financers sustaining the occupation.[40] In this context, Israel has deliberately obstructed many projects and programs that are inconsistent with its policies, including the 2012 Gaza reconstruction program, which Israel thwarted with bureaucratic and security obstacles. Consequently, Prime Minister Salam Fayyad's approach to institution-building for liberation and independence, which was supported by international donors, failed due to declining growth rates that rendered his programs unsustainable.[41]

In this context, Palestinian institutions were immersed in administrative reform, developing institutional structures, and aligning them with the parameters of the market economy, with no opportunity to formulate policies to disengage from the occupation and establish an independent electricity production system. It is also important to note that, until recently, the occupation has prevented the PA from investing in gas in the "Gaza Marine" field, which was discovered in 1999, and whose reserves have been estimated at nearly 1 trillion cubic feet of natural gas with a value exceeding $5.3 billion, in addition to oil reserves in Area C in the West Bank, which together would be sufficient to fully secure the Palestinian electricity sector.[42]

The Palestinian government has attempted to develop alternative sources of energy production. It launched the National Alternative Energy Strategy in 2012; and then approved Decree Law No. 14 of 2015 regarding renewable energy and energy efficiency to encourage and enhance investment in the field of alternative energy.[43] Although the strategy set a goal of producing 130 megawatts by 2020, production came to no more than 100 megawatts by the end of that year. Alternative energy production focused on solar energy, including several projects implemented by the Palestine Investment Fund, self-generation projects by a number of universities and hospitals, and projects to generate electrical power for factories, schools, and mosques.[44]

Solar energy has proven its efficiency in providing solutions to the electricity dilemma in the Gaza Strip. Vital facilities such as hospitals, schools, and universities have been provided with solar energy panels, and renewable energy has constituted the exclusive energy source for treating wastewater in the Strip, thus presenting a radical environmental solution. PADICO has inaugurated a huge project to produce electricity through solar energy in the Strip with an investment of approximately $12 million, including the installation of 21,000 solar cells serving 32 facilities in Gaza Industrial City, with a production of approximately 7.3 megawatts. About 25-30% of homeowners in the Gaza Strip have been forced to rely on alternative energy sources for at least part of their electricity needs in light of a nearly 50% deficit in the energy supplied to Gaza, whereby consumers access electrical current for just 4-8 hours per day.[45]

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39 Hadil Qazzaz, *al-Musāʿadāt al-Dawliyya fī al-Ḍaffa al-Gharbiyya wa-Qiṭāʿ Ghazzah* (Beirut: Institute for Palestine Studies, 2016), p. 57.

40 Palestinian Energy and Natural Resources Authority,.

41 Ibrahim al-Shaqaqi & Joanna Springer, "Faṣl al-Ḥukm ʿan al-Iqtiṣād fī Filasṭīn: Waṣfa Fāshila li-Dawla Fāshila," *Position Paper*, Palestinian Policy Network, 2015, accessed on 21/2/2021, at: https://bit.ly/3eZ4FA8

42 UNCTAD, *al-Takālīf al-Iqtiṣādiyya lil-Iḥtilāl al-Isrāʾīlī ʿalā al-Shaʿb al-Filasṭīnī: Imkāniyyāt al-Nifṭ wa-l-Ghāz al-Ṭabīʿī al-Latī Lam Tataḥaqaq* (New York: United Nations, 2019), accessed on 22/2/2021, at: https://bit.ly/3Eviljm

43 Palestinian Energy and Natural Resources Authority.

44 Ibid.

45 "Badiku Taftatiḥ Mashrūʿ Tawlīd al-Ṭāqa al-Kahrubāʾiyya fī Ghazzah," *Wafa*, 10/3/2021, accessed on 21/7/2021 at: https://bit.ly/3VivTod

However, the Palestinian government still views renewable energy sources as supplementary in nature. This can be seen in the modest nature of the facilities provided, in addition to tax and customs barriers related to alternative energy production inputs, such as solar cells, batteries, and turbines. In the same context, mechanisms for investing surplus household electrical energy production are haphazard, and no binding law exists to guarantee citizens a return on such a surplus.

Conclusion

Israel imposes direct and complete control over the Palestinian energy sector as part of its colonial vision of conflict management. The Palestinian electricity sector, and its energy sector in general, became more complex after the establishment of the Palestinian National Authority, which adopted a liberal approach to public policymaking without challenging the restrictions entailed by Israeli domination, subordination, and exploitation. This resulted in distorted policies which entrenched the occupation as a semi-monopolistic supplier of energy, a situation which was reinforced after the division of 2007. The policies which aimed to restructure this sector after 2008 failed because they were based on neoliberal approaches that did not break with their founding vision or address the complexities of the aforementioned division. Instead, electricity went from being treated as a right to being treated as a business position and a paid service.

The crisis surrounding the electricity sector in the Occupied Palestinian Territories is structural in essence, and there is no far-reaching solution to it under occupation. However, the study presents two basic political proposals to mitigate the state of absolute dependency and reproduce the relationship with citizens. The first proposal is to establish more serious official interventions for alternative energy production. As such, it is important to strengthen public policies and private investment in energy production from renewable sources, which requires more facilities and incentives for both the consumer and the investor, as well as collaboration with international partners to facilitate the import of production inputs for this sector. Energy from renewable sources in Palestine is not limited to solar energy. Rather, it is also possible to invest in wind energy and facilitate the introduction of turbines for a pilot station that is planned to be constructed in the northern West Bank.

The second proposal is to restructure the electricity sector at the levels of production, supply, management, and the relationship with citizens apart from the rules of the market economy. This involves establishing a national public social company to manage the electricity sector. Given the current weakness of social entrepreneurship projects and companies in Palestine, it is the government's responsibility to protect and nurture this model by providing the financing, management, and organization it requires to succeed. This model would provide a solution that balances reduced reliance on the occupation as a monopolistic source of energy, the right of citizens to obtain sustainable energy at fair prices, and local authorities' need to allocate a portion of energy revenues for the public benefit, while ensuring efficient production and distribution. To this end, it may be more appropriate to increase the efficiency of the electricity sector by merging the national transport company with a unified national distribution company, so that the link between the producer or external source and the end consumer is a single unbroken line.

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