

Date: 09 June 2009

Mr. Mazen Jaddallah  
General Manager  
International Relations and Projects Department  
Ministry of Finance

Subject: Update on the Electricity Sector Institutional Measures and the Installation of  
Prepaid Meters

Dear Sir,

Please be informed of the following:

1- Electricity Law:

On 12 of April, 2009 the Palestinian Energy Authority, the Cabinet of the Ministers and the President Office have reached an agreement on the final Draft of the law. The law has been signed by the President on April 23, 2009.

2- Installation of Prepaid Meters

The total quantity of prepaid meters in that have been distributed by PEA to the electric utilities, municipalities and villages councils in West Bank have reached 75,000 meter (single phase and three phase) financed from Norway/Sweden, compared to 50,000 meter installed at the end of 2008. The prepaid meters have been installed in more than 55 utilities, cities, villages and refugee camps, among them 20 started to install the meters this year.

3- Deduction from the PA employees salaries

The MOF continued to deduct a certain percentage from the PA employees for the electricity debts.

4- Disclaimer Certificate

The PA requested all the municipalities, villages and utilities to submit the detailed information of all the consumer that did not pay three consecutive invoices to MOF, to send the names of these consumers to the PA departments to in order not to request these consumers to pay their bills or schedule their electricity debts before providing them with the department services.

5- Utilities collection performance

The collection performance in the electric utilities is increased in the first quarter of this year compared to the same period in 2008 as follows

Utility	Increase of collection (%) in the first quarter of 2009 compared to the same period in 2008
JDECO	10%
HEPCO	62%
SELCO	15%
NEDCO (Nablus & Jenin)	7%