



Report of the State comptroller of Israel | January 2024

Israel Electric Company Ltd.

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# **Service to the Public at the Israel Electric Company Ltd.**





## Service to the Public at the Israel Electric Company Ltd.

### Background

The Israel Electric Company Ltd. (the IEC or the Company) is a government and public company that produces, conducts, and supplies electricity to most electricity consumers in Israel. IEC is an essential service supplier in the electricity sector and operates under licenses granted to it by the Electricity Sector Law, 1996 (the Electricity Sector Law). In addition to supplying electricity to about 3 million customers, IEC operates customer service channels where customers can contact and receive service on various topics, such as payments and inquiries concerning an account, reporting faults, and substituting customers. IEC's call center (the 103 Call Center) is its main service channel, in addition to the face-to-face service centers and digital service channels. Furthermore, the IEC is obliged by the Electricity Sector Law to grant a discount on the electricity bill to those entitled to it.



## Key Figures

**196**

the average minutes of power outage per customer in 2021, compared to an average of 153 minutes of power outage in 2017

**45%**

of the requests for connection to the electricity grid were answered within over three years from the submission of the request

**4.1 times**

the ratio between the average minutes of power outage per customer in the Negev area (241 minutes) and the average time per customer in the Dan metropolitan area (59 minutes) in 2013–2021

**1,026  
IEC  
customers**

did not receive a discount on their electricity bill (according to an inspection from December 2022), despite their eligibility. However, after the end of the audit, had the discount on their bill updated by the IEC

**13.7  
million**

inquiries and actions were carried out in the IEC's various service channels in 2022. About 5.8 million of them were carried out in self-service channels

**309  
seconds**

the average waiting time for a response from representative at the 103 Call Center in 2022 (109 seconds longer than the Company's target), compared to 194 seconds in 2015

**13**

the number of non-digital forms out of a total of 34 forms on the Company's website


**158,000  
eligible  
persons**

for a discount on the electricity bill, do not receive it in practice (eligibility non-exhaustion rate of 36%). Most of them are not registered as customers of the Company




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## Audit Actions

 From July 2022 to January 2023, the State Comptroller's Office audited the the IEC's service to the public, distinguishing between the products provided by the Company to its customers and the customer service provided by the Company to its customers through the various channels, its handling of public complaints and its handling of populations deserving of advancement and those entitled to a discount on the electricity bill. Completion examinations were carried out at the Electricity Authority.

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## Key Findings

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- Decrease in the Reliability of Electricity Supply** – despite the Company's obligation under the Electricity Sector Law and the provisions of its licenses to provide electricity reliably and efficiently, in 2017–2021 there was a downward trend in the reliability of supply to the customer, expressed in an increase in the minutes of power outage to the customer (increase of 43 minutes of power outage to the customer) due to multiple breakdowns and an increase in the time required for the restoration of the supply. The deterioration in supply reliability led to a rise in the number of complaints received by the Electric Company in this regard. In a 2018 report, the State Comptroller's Office pointed out the downward trend in the reliability of the electricity supply and the severe damage it causes to the economy. The downward trend continues even after the reform formulated in 2018.
  - The Frequency of Power Outages and the Time Required for the Restoration of the Electricity Supply** – in the index of frequency of outages per customer, there was an upward trend of about 26% in 2017–2021, from an average of 3.1 outages per customer in 2017 to an average of 3.9 outages per customer in 2021. In the time required for the restoration of the supply as well, there was a decrease between 2017 and 2018, and in 2018–2021, it increased by about 16%, so that the time required for the restoration of the supply returned to its level in 2017 of about 50 minutes. The increase in the time needed to restore the supply and the increase in the frequency of outages led to a rise in minutes of power outage in 2017–2021.
  - Differences in the Reliability of the Electricity Supply Between Different Regions of the Country** – despite the Company's obligation under the Electricity Sector Law to provide electricity reliably and efficiently, there are considerable disparities in the reliability of the electricity supply and the time required for the restoration of the supply between the districts. In the Negev, for example, the average time of power outages per



customer in 2013–2021 was 241 minutes – an average that is 4.1-fold higher than the average in the Dan metropolitan area in those years, which was 59 minutes. The average time required for the restoration in 2020–2021 in the Negev was about 70 minutes – an average 2.9-fold more significant than the average time needed for the restoration in Jerusalem, which was about 24 minutes.

**📌 Connecting Consumers to the Electricity Grid** – the average rate in 2015–2021 of the connections made out of the total connections ordered was 46%–55% according to the three scenarios examined. Furthermore, the percentage of connections made out of the total number of connections ordered is low over the years in the three scenarios examined. On average, about 45% of the connection requests are carried out after over three years.

**📌 The Waiting Time and Response Rate at the 103 Call Center**

- The Company did not meet its targets regarding the response rate in 2016–2022, although it lowered the target from 90% in 2016–2018 to 80% in 2019 and to 72.5% in 2020, and in practice, the response rates this year was 62%. It should be noted that in 2021–2022, the Company raised the target response rate to 85%.
- In 2015–2022, there was an upward trend in the waiting time for a representative at the 103 Call Center. In 2020 and 2022, the Company did not meet the standards set by the Electricity Authority regarding a response rate within six minutes (85%), which is the maximum waiting time for human assistance defined in the Consumer Protection Law, 1981. Furthermore, in 2015–2022, the Company did not consistently meet the waiting time goal for responses that it had set for itself. However, in some years, it lessened the goals, simultaneously with the increasing trend in the waiting times in these years, which reached 309 seconds in 2022, compared to the Company's goal, which were 200 seconds that year.


**📌 The Personnel at the 103 Call Center** – the IEC reduced the number of service representatives at the service centers (from 679 service representatives in February 2021 to 544 service representatives in November 2022) and did not meet the scope of personnel required to maintain a proper level of service (680 service representatives), resulting in a significant increase in waiting times (from an average of 225 seconds in January – June to an average of 400 seconds in July – November) and a decrease in the response rate at the Call Center (from 83% to 69%).

**📌 Use of Digital Channels** – the IEC offers customer service through self-service channels (digital services), among other things, through a website or app (5.3 million operations in 2022), WhatsApp (12,200 operations) and IVR voice response (1.1 million operations). Simultaneously with the increase in the use of the digital channels (from about 4.2 million operations in 2019 to about 6.4 million operations in 2022), the use of




the other service channels also increased in 2019–2022 (from about 6 million inquiries in 2019 to about 7.3 million inquires in 2022). Therefore, the increase in the use of the digital channel did not reduce the burden from the other channels and did not reduce the use thereof. Among other things, the following was raised:

- Of 34 forms found on the Company website, 13 are not digital.
- The success rate in actions performed in IVR (voice response service) in 2020 reached about 41% (1.1 million successful actions out of 2.7 million attempts to act).
- The customer rate registered for e-mail invoicing was low, about 24% in 2022, despite the annual savings resulting from this. The Company does not have satisfaction surveys for the digital channels on the Company's website, app, and WhatsApp service.

 **The Handling of Public Complaints by the IEC** – the Company receives over 15,000 complaints yearly. Among other things, the following was raised:

- In 2018–2020, there was an increase in the rate of complaints submitted to the Company out of all the customers (from 0.5% in 2018 to 0.8% in 2020 and in 2022). This indicates a decline in customer satisfaction with the service received from the Company or with its products.
- Most of the complaints submitted to the Company are demands for financial compensation for damages (34% of complaints in 2021), and the rate of complaints regarding reliability and electricity supply is on the rise in 2016–2021 (from a rate of 7% in 2016 to a rate of 17% in 2021).
- According to the standards established by the Electricity Authority, the period for handling a complaint shall not exceed 21 working days. It was found that in 2015–2019, there was an increase in the days of delay in handling a consumer complaint from an average of 19 days in 2015 to an average of 39 days in 2019 and that in 2020–2021 there was a decrease to an average of 25 days of delay in 2021.

 **The Exhaustion Rate of Those Entitled to a Reduced Tariff** – electricity is a basic product essential to living a dignified life. As a result, assistance is given to populations deserving of advancement who have difficulty paying the electricity bill. This assistance mainly focuses on electricity bills discounts for eligible citizens and protecting those eligible from disconnections. Among other things, the following was raised:

- The rate of exhaustion of rights (the total number of recipients of the discount in practice on the electricity bill out of all those entitled to the discount) is low. It is



slightly downward in 2016–2022, from about 67% in 2016 to 64% in 2022. The Company's actions to increase the exhaustion of rights, such as media publications and the attachments to the electricity bill once a year, do not necessarily lead to an increase in the exhaustion of the rights. In practice, about 158,000 eligible people do not receive discounts on their electricity bills, including Holocaust survivors and lone soldiers (out of about 471,000 eligible persons). The exhaustion rate is low in the eligibility group of families with four children. It should be noted that most of the people eligible who do not receive the discount are those who do not have a contract with IEC, that is, they are not customers of the Company. However, the audit found about 1,000 customers of the Company who, by the audit end date, had not received the discount despite their eligibility and for whom the discount was updated on the electricity bill after the audit end date.






**Waiver of Electricity Meter Readings** – the low rate (about 3%) of violations of the standards regarding initiated waiver and the decrease in the rate of initiated waiver in 2021 is commended.

**Satisfaction with the Level of Service at the 103 Call Center** – the high level of general satisfaction with the 103 Call Center service is commended; however, there is a slight downward trend in general satisfaction from 93% in 2014 to 88% in 2022.

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## Key Recommendations

-  The IEC should improve the reliability of the electricity supply, either by reducing the time required for restoration of the supply or by reducing the frequency of outages to customers by developing the electricity grid as needed. It is recommended that the IEC, the Electricity Authority, and the Ministry of Energy examine ways to improve the reliability of the supply.
-  It is recommended that the Electricity Authority examine the length of time of the actual planning phase (from the procedure of connecting consumers to the electricity grid) and consider setting schedules for the Electric Company for the formulation of the planning product and its submittal to the relevant authorities and that it formulates standards for reflecting the status of the planning phase to the customer. It is further recommended that the IEC examine the reasons for the low rate of connections and increase the annual rate of connections.
-  It is recommended that the IEC reduce the waiting time for a representative at the 103 Call Center to meet its goals and the standards set by the Electricity Authority. It is further

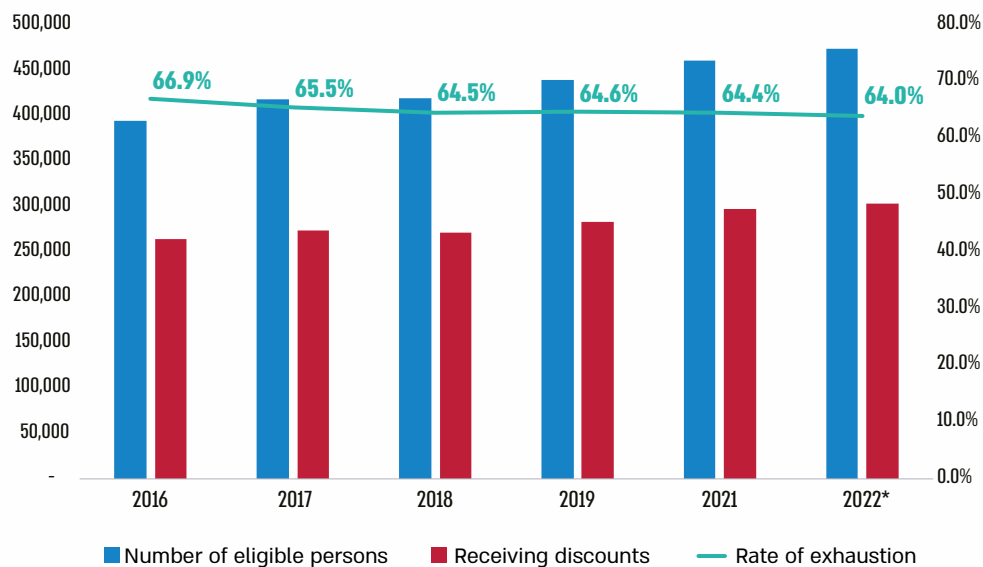




recommended that the IEC maintain the consistency of the goals over the years to maintain an adequate level of performance.

- 💡 It is recommended that the Company increase the use of digital channels while examining the expansion of the range of actions that can be performed by digital channels. It is further recommended that the Company document logins and attempts by users to perform actions in the digital services, analyze the success rates and draw conclusions therefrom.
- 💡 The IEC must examine why there are customers of the Company who are entitled to the discount but do not receive it, and it must also provide the discount by the electricity bill to these customers. It is recommended that the IEC, in cooperation with the National Insurance Institute, increase the exhaustion rate among eligible families with four children. It is further recommended that the IEC expand the scope of its activity to raise awareness of eligibility for the discount, including its activity with the designated bodies that care for these populations. It is also recommended that the IDF include the addresses of eligible soldiers in the lists it forwards to the Company to allow for an increase in the rate of exhaustion among this group.

### The Exhaustion Rate of the Rights to Discount on the Electricity Bill, 2016–2022



According to IEC data, processed by the Office of the State Comptroller.

\* The first half of the year.



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## Summary

The IEC provides service to about 3 million customers, including the supply of electricity to the consumer and ancillary customer service through various service channels. The reliability of electricity supply to end consumers has been on a downward trend for several years, and there are significant disparities between the reliability of supply in different regions of Israel. The level of service at the IEC 103 Call Center has been on a downward trend for several years, and the increased activity on the Company's digital channels is not enough to reduce the burden on the 103 Call Center. This downward trend in the products and services provided by the Company has also increased the number of complaints submitted to the Company in recent years. The exhaustion rate of those entitled to a reduced rate on the electricity bill is low, and it has been on a downward trend in recent years, despite the Company's actions to raise this rate.

The Company should improve the reliability of the supply and reduce the disparities between the districts, reduce the burden of inquiries at the 103 Call Center to raise the level of service there, improve the handling of public complaints, and examine ways to increase the rate of exhaustion of those entitled to a reduced rate.