

PRESS RELEASE

For Immediate Release
December 6, 2018

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M-RCBG publishes Farkash-Hacohen's paper on the story of the Delek-Noble Gas Deal

CAMBRIDGE--Orit Farkash-Hacohen has recently published a paper titled "[Facing a Gas Monopoly: The Power Game](#)" as an associate working paper at the Mossavar-Rahmani Center for Business & Government (M-RCBG) at Harvard Kennedy School.

In her paper, she discusses the 2015 US-Israeli natural gas supply partnership which helped create a gas monopoly without adequate public notice, oversight or debate. As the Chairperson of the Israeli Public Utilities Authority (PUA), she felt she had a professional duty to publicly voice concern over inflated prices and harmful effects to the public, the electricity market players, and the economy. When no other government ministry or agency intervened, the PUA advised Prime Minister Benjamin Netanyahu and other Knesset players to address the pricing issue and additionally published a resolution refusing to approve three new gas contracts which would result in passing undue costs on to consumers' electricity bills.

These actions triggered a snowballing political process to negotiate a compromise with the monopoly, characterized by the silencing of professional gatekeepers. Despite the ensuing public outrage, the high-profile resignation of the Israeli Antitrust Authority's General Director in protest, and additional resignations of two Cabinet ministers, a deal was struck with the gas companies that overlooked the pricing problems. The explanation given at the time was that the deal was justified by foreign policy and national security considerations. In addition, legislation was passed to restructure the PUA as a non-independent body and dismiss its Board of Commissioners, ending Farkash-Hacohen's 18-year career in public service.

"This paper is an example of the challenges in the relationship between business and government, the role of regulators, and the importance of courage," said Prof. William Hogan, Research Director of the Harvard Electricity Policy Group at M-RCBG, where Farkash-Hacohen was a visiting fellow. "The story of the Delek-Noble gas deal is an illustration of how professional considerations, when ignored, can result in a long-term unbalanced deal for the public, and a costly burden on consumers and economy."

Farkash-Hacohen was a visiting fellow at the Harvard Energy Policy Group, Harvard Kennedy School, from 2016 to 2017. She is the first woman to be appointed by the Israeli Cabinet as Chairperson of the Israeli Public Utilities Authority (PUA), a position she held from 2011 to January 2016. She is currently a partner and head of Energy, Infrastructure and Regulation at Goldfarb Seligman Law Offices.

The Mossavar-Rahmani Center for Business & Government (M-RCBG) is located at the Harvard Kennedy School. Its mission is to advance the state of knowledge and policy analysis concerning some of society's most challenging problems at the interface of the public and private sectors and the scope of its work ranges from the local to the global. Drawing on the unparalleled intellectual resources of the Kennedy School and Harvard University, and bringing together thought leaders from both business and government, the Center conducts research, facilitates dialogue, and seeks answers that are at once intellectually rigorous and policy relevant. For more information, visit www.mrcbg.org.