

3310. Ms B D Ferguson (Cope) to ask the Minister of Energy:

With reference to Eskom's estimates of R3,6 trillion to build 65% of electricity generation capacity in the next 15 years, what steps does she intend to take to demonstrate the Government's determination to (a) keep the cost of electricity consumption down and (b) alleviate the plight of the poor when it comes to the cost of living? NW4198E

Reply

(a) The long term electricity tariff will be driven to the largest extent by the capital costs due to new generation capacity, as well as the cost of the primary energy (coal or gas). It has been well established that the cheapest electricity can be obtained if we were to become more efficient. Consequently energy efficiency has now become one of the most concerted efforts by our department to try and reduce the overall cost of electricity. In this regard, we recently submitted the revised National Energy Efficiency Strategy, underpinned by a number of pillars:-

- i) Awareness building and education of the public to sensitise them about practices that waste energy, alternatively how to save energy.
- ii) A solar water heater programme that seeks to transfer domestic electricity load to a renewable resource (the sun) in a manner that reduces the financial burden due to the household cost of electricity.
- iii) An industrial energy efficiency programme targeting companies that can make operational improvements to the production processes and thus improve energy intensity
- iv) A buildings programme that targets public and commercial buildings, due harness the upside due to identified inefficiencies in lighting, heating, ventilation and cooling systems
- v) A streetlight programme that will retrofit old technologies with more efficient options like light emitting diodes.

We have set a target of 12% overall reduction in energy intensity by 2015 and this has also been disaggregated into the various segmental targets including for the industrial, domestic, agricultural sectors.

Improvements in energy efficiency signify less wastage (and therefore cost savings) which will be reflected in lessened pressure on tariffs, despite the build programme.

- (b) The poor will be cushioned through a number of mechanisms, including:-
- i) Free basic electricity at a preferential and highly subsidized tariff, to provide a minimum amount of energy necessary to achieve basic functions (lighting and running small electronic appliances excluding heating and cooking);
 - ii) Solar water heaters for meeting the hot water needs; and
 - iii) A domestic tariff dispensation that is cross-subsidized by industrial customers and does not recover the true cost of supply.

The build programme has to be financed by South Africans, either through a user charge (tariff) or through the fiscus (taxes). South Africans therefore have to work together in supporting the energy efficiency effort, so as to avoid having to pay high tariffs due to wastage.