



**energy**

Department:  
Energy  
**REPUBLIC OF SOUTH AFRICA**

**Key Note address by Minister of Energy, Ms Dipuo Peters, MP at a Strategic  
Engagement Dinner on Energy Efficiency programmes with Municipalities and  
State Owned Companies**

**Venue: Protea Hotel, Balalaika, Sandton**

**Date: 2 May 2013 at 18h00**

Programme Director;

Executive Mayors, Mayors and Deputy Mayors Present;

Chairman of SALGA, Councillor Thabo Manyoni;

Municipal Managers;

The Director General of the Department of Energy, Ms Nelisiwe Magubane

Chief Executives of the State Owned Companies and SALGA;

Senior officials and Executives of the DoE and other Departments

Our international Partners, Ambassador of Switzerland in South Africa, Mr Christian Meuwly and Ambassador of Germany in South Africa, Dr Thomas Freitag

Distinguished Guests,

Ladies and gentlemen,

Good Evening,

It gives me a great pleasure to have this opportunity to engage with the leadership of the South African Local Government Association and in particular the Municipalities and State Owned Companies on this important subject of Energy Efficiency. Programme Director, if you take a quick glance at the international studies that have been carried out on benchmarking energy use and utilization in several countries, you will find it interesting that the findings reveal that these countries have recognised the benefits of energy efficiency towards achieving sustainable economic growth and development; as such they have continued to invest in energy efficiency improvement programs and to that effect we have partnered with the Swiss Development Agency on Energy Efficiency Target Monitoring programme and Germany to roll out some of these best practices.

As you may be aware, South Africa through the White Paper on Energy Policy (1998) made commitments to improving energy governance as one of our key objectives. To this effect the White Paper identifies the promotion of energy efficiency through various means as one of the high priorities of our government. While our own assessment of the impact of energy efficiency in South Africa is relatively not yet at the level that we would want it to be, we are encouraged by the trends revealed elsewhere around the world by the studies I have just mentioned which confirms that it's indeed possible for us to achieve our own developmental objectives as set out in the Energy White Paper Policy.

We thought it is very important for us to raise this point and emphasize that as government in particular the Department of Energy not only do we have a challenging task of ensuring energy security and access for economic growth and social development, but also to ensure that at the same time we balance the responsibility of protecting the environment and mitigate against the effects of climate change. And of all these, Ladies and Gentlemen the department cannot do it alone, hence your participation here today.

Honourable Mayors and Councillors,

Allow me to share with you that it has been brought to my attention that not all is well on project planning and implementation of EEDSM in participating municipalities hence I deemed it necessary that we gather today to have a robust discussion about these issues to enable us to deliver as planned. It is crucial that we engage whilst it is still early in our national and provincial financial year and the last quarter of municipal financial year to create a balance and alignment in our planning and implementation.

I have been informed that the challenges range from lack of dedicated personnel in municipalities; inconsistent reporting; delays in procurement relating to the committed funds; non-compliance on contractual arrangements, that is, delays in signing contracts; delays in the development of business and implementation plans; delays on transfer of funds; lack of response on requested project(s) information; lack of Measurement and Verification and all these challenges impact negatively to the overall programme management and ultimately leading to non-compliance with the requirements and conditions attached to this programme in terms of the Division of Revenue Act (DoRA). I hope you can still remember the energy interruptions and load shedding we have experienced in 2008 and I would want to believe that we cannot afford to be faced with such at the present moment.

Speaking to you as political leaders and decision makers in local government, I cannot emphasise more that we need to increase our efforts and support in project planning, implementation, monitoring and evaluation. Today's platform has allowed us an opportunity to zoom into these challenges and map a way forward on how to improve service delivery on these programmes. The Deputy Minister of Energy, Honourable Barbara Thompson and I have begun to embark on a robust interaction nationally to address some of the blockages or challenges that hinder the planned or anticipated progress.

It is important to understand that since these programmes are implemented within your municipal jurisdiction areas, you remain central to how we should craft efficiency and service improvement plans for this sector. It is indisputable that the municipalities are well placed to lead service delivery at a local sphere as your structure provides the best

platform for direct interaction and interface with customers / consumers or the public at large on energy matters and today's discussion is aiming at reflecting on all the issues that we should focus on to improve our service delivery to the people of this country particularly in your respective municipalities. We are looking forward to your insights in this consultation on how can we effectively as partners respond to this task.

I would like at the outset to induce the spirit of the 53<sup>rd</sup> National Conference of the ruling party held in December last year, which amongst others reaffirmed the strategic objectives of the department and further enjoins us to ensuring that we continue to foster energy security, and promoting clean and renewable sources of energy supply, while at the same time focusing on indigenous skills and technologies that promote energy efficiency. I can only hope that we are alive to this mandate.

The Chairperson of SALGA,

In 2008, Government took a decision to support municipalities in implementing energy efficiency measures and technologies within their infrastructure programmes as the sector has potential to save energy. Pursuant to that the EDSM programme started in 2009/2010 financial year. Since the inception in 2009/2010 financial year, the programme has already dispersed an amount of R875million to municipalities nationwide. Over the years, the programme has seen fewer than seventy municipalities participating due to budget constraints however a significant progress has been achieved although notwithstanding the challenges that we had to deal with along the implementation phase. It would be commendable of the teams to drill down to the issues and deliver as planned without looking forward to requesting the roll overs.

Programme Director,

As government we have always committed to lead by example. The EDSM programme had initially focused on retrofitting buildings and in-efficient street and traffic lighting technologies with modern energy efficient lighting technologies. With the ever increasing price of electricity, many of you are spending significant portions of your budget on electricity bills within your own operations which could be better used to pay

for other services due to the public and to support the local economic development plans. I cannot imagine any of the services that you are offering which does not require energy to some extent hence we need to put more effort on energy efficient as the least expensive measure and most cost effective. Energy cuts across most of our development needs.

I should also challenge the State Owned Companies of your role and contribution to Government's commitment in the Green Economy Accord; Local Procurement Accord and National Skills Development Accord signed with the social partners in 2011. It is high time that you evaluate your performance on these commitments as this comes at the time when our country is faced with an increasing concern at the backdrop of an important national and global issue around the need to accelerate economic and social development, responding to climate change, curtailing the rising energy prices and providing energy security.

Ladies and Gentlemen,

As one of the fastest growing countries in Africa, we are however; threatened by the aging energy infrastructure and we may be unable to meet the rapid growth in demand for electricity. It is for this reason that your full participation in the efficient utilization of energy (Energy Efficiency) is essential for security of energy supply, economic competitiveness, reduction of greenhouse gas emissions and environmental sustainability. We cannot overemphasize that utilising energy more efficiently has inherent financial benefits, and there are well- documented cost-effective opportunities for energy reduction.

Let me perhaps highlight one or two things that we have just done in the energy efficiency space. We have conducted the review of our National Energy Efficiency Strategy (2005) in 2012, which projects a target of 12% energy intensity reduction by 2015, and this process is about to be concluded soon. Parallel to this we are in a process of piloting an Energy Efficiency monitoring system that will help us track the impact we are making through energy efficiency interventions (such as the Energy

Efficiency Demand Side Management programme), but also to assess the policy choices we need to make going forward and we have completed the Regulations for Allowance on Energy Efficiency Savings to be promulgated any time soon by the Minister of Finance.

Honourable Mayors,

I am certain that you are better placed to tell us the amount of money you spend on providing essential services such as water and electricity, however, we are aware that our municipalities are spending large amounts of their revenue on purchasing energy for providing local public services such as street & traffic lighting, office building and other public facilities lighting, water pumping, and waste water treatment facilities and many more.

Government has since committed R4,7billion allocation on accelerating the solar water heating programme towards the 1million SWH installations by 2015. But we have also through the 2012 Division of Revenue Act made significant allocation amounting to R200 million each year in 2012/13 and 2013/2014 financial year to Municipalities for EDSM programme. We have taken these decisions with the full understanding that through cost-effective actions, and introduction of energy efficient measures and technologies, energy savings can be achieved in municipal operations.

You may recall that pursuant the release of the NEES 2005, a voluntary rather than mandatory Energy Efficiency Accord was signed with major industries through the NBI. In 2011 this process culminated in the launch of Energy Efficiency Leadership Network (EELN) during the Seventeenth Conference of Parties (COP 17) and we have continued our engagement with business through this platform. Government within its three spheres and State Owned Companies should align its activities with this commitment made in EELN to intensify energy efficiency efforts.

Programme director, we have also launched a national energy efficiency campaign, with the focus of educating and sharing important information with our stakeholders particularly the general public. We are pleased that thus far, the message is being sent

to all. However, as I said before, this is an enormous task that will require a solid partnership at the three spheres of government, particularly at local level and therefore would like to make a clarion call to all of you that working together we can achieve even more. Of equal importance is the need to ensure that new constructions and retrofitting of existing houses and buildings comply with building codes and standards that incorporate best practice for energy efficiency and green design. It also requires a greater understanding of the effects of pricing and fiscal tools as one of the drivers for energy efficiency implementation.

Programme Director, in South Africa, this reality has become even more certain given that our prime source of energy use is and will remain for a while fossil fuels. We are also alive to the fact that the energy landscape has changed with the increasing acknowledgment that fossil fuels are finite, have discernible negative environmental externalities, and are no longer cheap and always readily available. While our economic growth has been fuelled by, among other factors, the availability of relatively inexpensive energy, the depletion of fossil fuel resources and a soaring energy demand represent new constraints.

Let me take a risk of positing that even in the midst of these challenges, our government is resolute in ensuring energy security and access. We will continue to push for an economy where all the population access electricity through 'sustainable energy for all'. We are therefore once again calling upon the municipalities to join us in partnership with large corporations to accelerate energy efficiency interventions and the switch to renewable energy as potential alternatives.

I hope today's deliberations will help provide us to turn the ostensible obstacles into opportunities to achieve our developmental aspirations.

I thank you.