



Keynote Address by

Acting DDG Mokgadi Modise on behalf of Hon Mr Jeff Radebe, Minister of Energy of the Republic of South Africa at the 13th Southern African Energy Efficiency Confederation (SAEEC) Conference scheduled to take place at Emperors Palace, Ekurhuleni, Gauteng on 13th November, 2018

Time: 08:30

Programme Director,

President of the SAEEC,

Industry Associations,

Chief Executive Officers present here;

Leadership and members of the SAEEC

Youth and women present here,

Government Officials,

Ladies and Gentlemen

It is a great pleasure for me to deliver the speech on behalf of the Minister of Energy who could not join the conference due to other pressing work commitment however he has send his best wishes to the conference deliberations. I am standing in today representing the South African government through the Department of Energy as part of this 13th Southern African Energy Efficiency Confederation (SAEEEC) Conference. Energy efficiency is a priority area for both the industry and us as policy makers. In the last decades, energy efficiency was considered the main offsetting factor of rising global energy consumption and greenhouse gas emissions. As a result, increasing energy consumption, has led simultaneously to technological breakthroughs, which have improved the efficiency of energy use over time.

Programme Director, it is for this reason that the Department and I assume the same with this house, views measures to promote energy efficiency as critical for the wider objectives of the South African government's energy and environment policy, be it energy security, energy access, and managing climate change impacts. Greater energy efficiency has a major role to play in meeting both our local and international commitments hence it is important that as we implement these measures, we also have to be mindful of other competing national objectives which could be achieved through the same programmes as that would be in line with resource efficiency and utilisation as well as optimisation of the outputs. The efficient use of energy represents an important low-hanging fruit in encouraging a more sustainable energy policy and security of energy supply, a subject which has given cause for concern in recent years.

Ladies and gentlemen, in spite of many efforts at different government levels and benefits of energy efficiency, several technical, financial and policy or regulatory barriers are still persistent and therefore affected the realization of full potential benefits of energy conservation and savings.

Some of the persisting barriers include:

- Insufficient awareness, education and training about energy management and efficiency at different levels; particularly at community level;

- Economic and market distortions causing irrational response to energy efficiency measures;
- Lack of standardization and labeling of equipment and devices;
- Inadequate financing for investments in energy efficiency improvements; and
- Not enough understanding in terms banks committing to financing energy efficiency projects.

Programme Director,

The potential for enhancing energy efficiency is also clearly demonstrated by the Efficient World Scenario developed by the International Energy Agency (IEA) World Energy Outlook. This scenario depicts what would result if all available energy efficiency measures were implemented between now and 2040. What is impressive and encouraging is that all these measures highlighted by the IEA, are cost-effective, with the use technologies that are readily available today. However, we should all recognize that investment in energy efficiency measures, both from government and private sector, is still not on track to achieve the scale required to improve energy efficiency. New financing mechanism are vital to delivering the investment opportunity required for both energy efficiency improvement, and the reduction of greenhouse gas emissions.

Programme Director,

The notion of energy-efficient prosperity is very relevant for South Africa and all other developing countries, because we are the most to benefit from investing in energy efficiency improvements that provide affordable and reliable services, while supporting a strong economy and improved quality of life for the people of this country in a long term. From family homes to large-scale factories, energy efficiency offers our government, as well as businesses and households a range of tools and solutions to reduce electricity bills, curb carbon emissions, and save money at the same time.

The recently completed post-2015 National Energy Efficiency Strategy provides a highlight on energy efficiency policy measures that are available at our disposal, and

those that still need to be developed across sectors. These energy efficiency policy measures vary from minimum energy performance standards of equipment; introduction of energy management systems; support to Energy Services Companies (ESCOs); strengthening of the buildings codes; energy efficiency incentive schemes; and accelerated energy efficiency awareness campaigns.

Ladies and gentlemen,

Many can benefit from simple investments that can deliver more services for the same amount of energy input, or the same services for even less energy input. In fact, our government, as part of the implementation of the post-2015 National Energy Efficiency Strategy, is looking at energy efficiency as the “first fuel”, a source of energy in its own right, in which we can invest ahead of other more complex or costly energy sources. The 2018 Energy Efficiency Market Report published by the IEA shows that the growth in energy demand grew by 2% in 2017 after two years of low growth. This is due to an increase in energy-using activities across many countries including South Africa which outweighed ongoing progress on energy efficiency.

However, the International Energy Agency report acknowledged that, the energy demand would have been much higher if not for progress on energy efficiency. The report further pointed out that since 2000, improvements in energy efficiency in the world’s major economies offset more than one-third of the increase in energy-using activities. Most of these savings were achieved in the industries and building sectors.

It is therefore important that Government in partnership with private sector facilitate energy efficiency investments by supporting energy audits, development of Minimum Energy Performance Standards (MEPS), awareness raising campaigns, capacity building and training, standardized measurement and verification protocols, technology research, development and deployment. Structures such as the SAEEC are therefore appropriate and better placed to assist government to achieve the country’s objectives through these measures.

In the last few years, as part of the implementation of the energy efficiency strategy, government introduced Energy Efficiency Tax Incentive through Section 12L of the

Income Tax. The 12L incentive scheme as we normally name it, allows tax deduction for all energy carriers (not just electricity) with the exception of renewable energy sources. This incentive makes investments in energy efficiency projects more attractive by improving the financial performance, thereby stimulating the implementation of more energy efficiency projects. The implementation of more energy efficiency projects will help to ensure security of supply, and will have a major impact on containing cost escalation, reduction in greenhouse gas emissions and will improve your business competitiveness.

One of the key projects that our government has been implementing with the support of the United Nations Industrial Development Organization (UNIDO) and Global Environmental Facility (GEF) is the Industrial Energy Efficiency (IEE) Project. The IEE project has proven that just by introducing energy management and optimization solutions can help reduce energy costs, while improving operational performance. However, I should also indicate that partnership between Government and private sector is the way to go as no government can do it alone to improve energy efficiency and address the effects of climate change or build low carbon economy. It is against this background that organizations like SAEEC could facilitate and guide some of these discussions to pave the way on these potential partnerships.

Programme Director, let me emphasize that Government is working hard in ensuring that there is better dissemination of energy efficiency information, and better monitoring and evaluation methods through greater harmonization of national monitoring programmes and definition of energy efficiency indicators. I am happy to share with you that we have put measures in place to ensure that we save energy. For example, we have introduced programmes that seek to change the inefficient street-lighting, traffic lighting and water pump stations and water treatment plants of our municipalities. To this end, our Municipal Energy Efficiency and Demand Side Management (EEDSM) programme which is run by the Department of Energy together with Municipalities is aimed at replacing inefficient equipment of municipal buildings and street lighting in an attempt to minimize the energy constraints that communities are facing. In so doing, it is expected that the savings coming from these interventions should enable municipality to have more savings to completed the allocated budgets in order to focus on improving other services such as water supply, road infrastructure

and thereby increasing the prospect of creating more job opportunities for local economic development to the benefit of communities.

Ladies and gentlemen, in this regard, let me also take this opportunity to introduce a new financing innovative project aimed at accelerating energy efficiency in the public buildings and infrastructure. The Department of Energy in collaboration with the Departments of Public Works and Environmental Affairs together with our international development partners through GIZ have received financial support from the Nationally Appropriate Mitigation Action (NAMA) Facility to tackle specific local challenges on energy efficiency and reducing emissions in the public sector. The NAMA Support Project titled “Energy Efficiency in Public Buildings and Infrastructure” will also unlock investment opportunities by leveraging on public and private sector finance through a partial credit guarantee that will support Energy Service Companies (ESCOs) to invest in the implementation of energy efficiency measures in national, provincial and municipal infrastructure such as wastewater treatment plants, and building facilities, and public street lighting.

The NAMA Support Project with an initial investment of about R300 million, will strengthen our capabilities to deliver low-carbon activities that are aligned with our climate change’s Nationally Determined Contribution (NDC) and other energy and developmental plans. You will recall that in our public consultation process on the post-2015 National Energy Efficiency Strategy, government has committed to lead by example in energy savings and energy efficiency. This innovative financing project also supported by National Business Initiative (NBI) will also boost participation of the private sector to deliver the required energy efficiency improvements.

Let me also try and bring the issue of energy efficiency closer to home. I want to believe that all of us here owns or uses in one way or the other and electrical appliances such as kettle, television, fridge, dishwasher, microwave, washing machine and other households equipment. And I want to believe that you will agree with me that these appliances consume a certain amount of energy which cost us money. However, we also know that if we were to use these appliances in a more efficient manner, this could save us money which we could be used in turn to address other household needs. It is for this reason that the Department of Energy is working with

various stakeholders including municipalities to come up with ways to educate and raise awareness among the community members to save energy and money.

It is critical that we raise awareness that energy-efficient home appliances can save you money since they account for up to 30 per cent of your home energy use. Due to technology advancement which has led to our reliance on appliances increases, energy prices are also on the rise, choosing energy-efficient appliances becomes more important and a fundamental step on which decision to make on which appliance to procure. Government is continuously improving the Minimum Energy Performance Standards (MEPS) of appliances, so upgrading to a more efficient appliance can save you energy and money.

It is also not only about having the right product in your home but how they are used that can also make a big difference. For example, washing your clothes with cold water can save up to 5 times more energy than a warm wash. Avoid opening your fridge frequently and for a long time as cold air dissipate and the fridge will use more electricity to generate another cold air required to keep your food cold. Behavior changes contributes more to increased energy savings.

Other appliances like TVs, DVD players, and computers also use 10-60% of power even when on 'stand by'. Even though government introduced minimum requirements for standby power on audio appliances, you must also "**pull the plug**" by turning off TVs, computers and electrical appliances when they're not in use.

In addition, do you know that lights at your home accounts for up to 15% of your electricity bill? You can reduce the amount of energy to light your home by **installing energy-efficient light bulbs**. A variety of energy efficient light bulbs options is available, including compact fluorescent lamps (CFLs) and Light-Emitting Diode (LED) lamps. LED lights have proven to be the most efficient technology available now in the market and they can save up to 80% of electricity consumed through lighting. Moreover, LED lights produces white light which is good for our eyes. Scientists have argued that a white light is good for reading at night which comes as an added benefit for students and school kids.

Programme Director, the involvement of youth is essential in energy efficiency, and this is possible through the provision of appropriate training and skills. Educational initiatives to raise awareness about energy efficiency will have more impact on young people. At present environmental education incorporates some portion on energy studies mainly dealing with sustainable development. But what is needed is specific energy education programmes, which will help in developing sustained changes in the behaviour and attitude of current and future energy consumers in South Africa. The youth should seek solutions that will contribute to improved energy efficiency, accelerate the deployment of clean energy technologies, and an environment friendly and sustainable economic development of our country, whilst ensuring the security supply of energy. This can be achieved with good habits, attitude and behaviour change of every individual.

I therefore challenge you SAEEC members, company CEOs, and industry associations participating at this Conference to ensure that in all your energy programmes not only those that deals with energy efficiency improvements but also involve youth and women, and support government in ensuring that we create sustainable green jobs.

Programme Director, as I conclude, I would like to call upon everyone present here today to make it his or her mission to increase awareness and education on energy savings. We want to assure you that government will continue to ensure that the major impediments for progress in energy efficiency are eradicated through training programmes which will seek to influence the attitude and behaviour of the energy consumers at individual and group level.

We see this as important because without changing the attitude and behaviour of the end users, improvements in efficiency through investments in improved technologies alone will not be successful. Less consumption of energy by improving efficiency, avoiding wastages without sacrificing comfort or standard of living is in the interest of every individual, each family, business and industry and South Africa as a nation. This can be achieved with good habits, attitude and behaviour change of every individual.

Programme Director, I am looking towards the youth of this country to be given a role and opportunities to play in the promotion of energy efficiency, and quantification of energy savings through proper energy auditing, and measurement and verification process of energy savings.

I thank you