

PRESS RELEASE: SAEEC/24.4.2019 final

PIC CAPTION: Delegates at the 12L and Carbon Tax Workshop held by the SAEEC at the Eskom Learning Academy during April 2019 made possible through sponsorship from Cova Advisory and Catalyst Solutions and supported by SANEDI

SAEEC explores the carrot and stick approaches to emission management in South Africa

Carbon tax can be said to be present and imminent in South Africa and it is slated to affect all industries. However, it is apparent that phase 1 of the carbon tax will penalise companies whose primary source of emission is energy generation. Therefore, the obvious conclusion is that using less energy will be essential to reducing the greenhouse gas emissions and the consequent steep tax for heavy emitters.

However, to the stick of carbon tax, there is the carrot of the section 12L tax incentive for energy efficiency. Section 12L benefits companies that implement energy efficiency interventions to decrease their energy intensity and employ Measurement and Verification (M&V) to quantify the energy savings for the purpose of a tax allowance. The section 12L tax incentive is currently at 95 c/kWh for energy savings.

Carbon tax and section 12L, with M&V as a core service that provides risk assurance offer opportunities for companies, engineers and consultants in the heavy industrial sectors. Therefore, the Southern African Energy Efficiency Confederation (SAEEC), an active chapter of the Association of Energy Engineers (AEE) took the initiative in hosting a workshop for its members exploring these opportunities. The workshop was held on the 12th April 2019 at the Eskom Learning Academy in Midrand. It was attended by representatives from the various industries and consultants active in the energy and emissions field. The workshop was made possible by the sponsorship of Cova Advisory and Catalyst Solutions, and supported by the South African National Energy Development Institute (SANEDI). It was well received by those in attendance, noting that it provided crucial information on the implementation of carbon tax and a platform for open discussions.

The main points of the presentations were that the phased implementation of the carbon tax will delay the expected significant impact until 2022, however the assumption that the carbon tax cost will ultimately be moved onto the product price seems to remain universal. The section 12L tax incentive for energy efficiency has also been extended for another term to coincide with the carbon tax phase 1 ending in 2022. Of significance is that the first reporting period for carbon tax is from 1 June to end December 2019, which is around the corner!

SAEEC members have the benefit to access the presentations by the experts that presented at the SAEEC Workshop which provides some insights into calculations, what is excluded and included, carbon budget requirements, phases and their respective requirements, etc.

Email the secretariat at admin@saeec.org.za for access to the presentations, or request a membership application form.

[END]