

## Energy Efficiency leads to Energy Security, Jobs and Economic Growth<sup>1</sup>

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The correlation between energy efficiency and economic growth is one that is often overlooked even though it has a huge growth potential. It is all these relations plus the other benefits of energy security and job creation that should make it a high priority and high profile sector, targeted for growth in the short term.

Eskom has been approved ZAR5bill for integrated demand management. This is great news for the sector as it means the sector is valued at a minimum of at least ZAR10bill for the next 5 years from the Eskom side. This fund is supported by other funding such as the "Green Fund" which Minister Pravin Gordhan has increased to ZAR1.1billion. Other energy efficiency funds such as the AFD funding through major bank such as ABSA and Nedbank are also available, increasing the pie even more.

What this means for South Africa is that at least 250 000 jobs can be created by the sector in the next five years or so. Unemployed graduates can then have opportunities to acquire skills in engineering and project management. Many artisans can also be employed if the companies in energy efficiency are compelled to employ a minimum amount of artisans when they use the Eskom rebate and the Green Fund. This, along with the youth subsidies will encourage more jobs in the sector and associated sectors.

Energy efficiency reduces energy wastage, which is crucial in the current times for South Africa of tight generating capacity. Using just the Eskom rebates, savings of at least 5GW in electricity demand and in costs can be achieved.

The contribution of Energy efficiency initiatives towards the country's energy security also cannot be undermined. That has been a major contributor in that no load shedding has occurred. Power stations have to undergo maintenance and have to be shut down during this period. When this happens, Eskom needs enough capacity to shut down the power stations but still provide energy to the country.

Load shedding leads to loss of confidence by international investors in economic growth and Eskom.

A country without energy cannot develop economically and socially.

The logic is simple: " Companies not operating due to no electrical power make no profits."

Foreign direct investment cannot flow into a country without growth and energy security. We have seen how the port developments have been hindered by energy security as investors turn their backs on the country investing in smelters and energy hungry developments. With Energy security, the country can then create more jobs and increase development as a whole.

A new mind-set must occupy the talk and focus in every company and board-room. Energy efficiency is a component of process and operations optimisation, but has not been fully accepted by the majority of South African industry. We have enjoyed a long period of cheap electricity and corporate South Africa is a little spoilt.

Major transformation is required for optimised operations even though the benefits are considerable and tangible. The time has come for corporates to embrace the low carbon economy as part of the business sustainability strategy. Companies not catching a wake up call, risk not being profitable in the medium and long term.

When companies save money using optimisation and energy efficiency, inflation is eased as consumer prices dont climb steeply and quickly. Economically, this means growth.

South Africa faces huge challenges in terms of the social and economic development of the majority of the population. The Global economic slowdown has done little to promote that focus, but that does not diminish the need. Growth is needed so that the country can have the ability to further develop rural industry and foster more economic activity, which cannot occur without access to electricity or energy.

Energy efficiency is key to our development as a whole.

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<sup>1</sup>The views expressed in this article are those of the author and do not necessarily represent the views of, and should not be attributed to, the Southern African Association for Energy Efficiency.