

Energy efficiency key to stable electricity system

Energy efficiency is the short-term answer to balancing electricity supply and demand, says Energy Minister Jeff Radebe.



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"It is a fact that a successful energy efficiency programme results in the reduction of municipal revenues and we would be doing municipalities a disservice if we did not confront this problem," said the minister.

Addressing the Southern African Ministerial panel at the 8th annual DLO Africa Power Roundtable in Johannesburg, Radebe said the contradiction between a successful energy efficiency campaign and reduced municipal revenues needs to be addressed.

This, he said, should be through a revenue decoupling approach. Under this, municipalities need to be rewarded to the extent of the revenue loss that emanates from energy efficiency.

"Without this instrument being offered to municipalities, they will be inclined to resist energy efficiency and not implement the initiatives because they result in revenue loss," he said, adding that energy efficiency technologies have a potential to create jobs.

The minister's comments come as South Africans have experienced up to Stage 4 load shedding over the last nine days due to shortages in capacity.

Climate change

The shortage was further exacerbated by damaged power lines from Cahora Bassa hydropower plant in Mozambique, as a consequence of Cyclone Idai.

Earlier this week, power utility Eskom announced that the electricity system is gradually improving with no load shedding anticipated this week. However, it did highlight that the risk of load shedding remains as the system continues to be vulnerable.

“The new reality is that adverse climatic conditions will become a recurring feature of our existence, and as Africans we must prepare our systems to be resilient in the face of the risks posed by this reality,” he said.

Capacity challenges

The minister also spoke of the need to address electricity capacity challenges.

“Besides the operational issues afflicting Eskom power plants, the financial challenges are paramount and one has to recognise the bold leadership required with regard to the sectoral reform [as] imperative,” said Radebe.

The financing of new power infrastructure has become very challenging given Eskom’s current structure.

“Notwithstanding that the current credit situation remains tight, financial institutions have become increasingly averse to pumping funds into an Eskom that is based on the vertically integrated utility model.

“The difficulty of financing power infrastructure projects in Africa generally, and in South Africa specifically, has some of its reasons anchored in policy uncertainty and poor regulatory environment.”

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