



ENERGY EFFICIENCY

IN SOUTH AFRICA – ACCEPTANCE OF ACCREDITED CONFORMITY ASSESSMENT RESULTS

DR ELSABE STEYN



Introduction

- Globally governments influence energy and climate change policy by introducing various incentives and programmes to encourage sustainable development of their economies.
- Governments around the world use taxation to either penalise the excessive use of energy, or encourage reduced energy demand by granting monetary incentives.
- The South African government and its agencies are supporting the development of a greener economy through various initiatives
- In this presentation I will introduce you to the tax allowance for energy efficiency that was introduced in 2013 in South Africa to incentivise the energy saving projects
- The focus will be on how accreditation enables the acceptance of conformity assessment results and how standards were used



Where did we start?

- South African Bureau of Standard developed South African National Standard for Measurement and Verification (M and V) of Energy Savings, namely SANS 50010:2011.
- **South African National Accreditation System** (SANAS) developed an accreditation program for Energy Efficiency Measurement and Verification (M&V) bodies that are tasked with verify the savings of companies who wish to apply for this tax incentive in order to ensure that companies implement the energy savings initiatives as they claim to do.
- SANAS, as the South African accreditation body, was tasked with ensuring that Energy Efficiency M&V agencies are competent in performing their measurement and verification tasks.



Why does the Government in South Africa accept the conformity assessment results?

SANAS assess factors relevant to an organisation's ability to produce precise, accurate inspection data, **including the:**

- technical competency of staff;
- validity and appropriateness of methods;
- traceability of measurements to national standards;
- suitability, calibration and maintenance of equipment;
- suitable environmental conditions;
- handling of test / inspection items;
- quality assurance processes



Accredited M and V bodies

- These **SANAS** accredited M&V bodies provide an impartial quantification and assessment of energy efficient project impacts and savings and issue a certificate.
- The certificate then goes to the South African National Electricity Development Institute (SANEDI) for an assurance check and the issuing of a tax incentive certificate for submission by the tax payer to the South African Revenue Services.



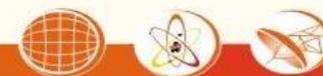
12 L Income Tax Allowance

- The Department of Energy (DoE) and the South African National Energy Development Institutes (SANEDI) as the implementing agency have introduced the 12L Income Tax Allowance on Energy Efficiency Savings (“12L”) in order to safe guard the country’s energy security through energy efficiency mechanisms.
- The 12L Regulation was promulgated on 9 December 2013 in the Government Gazette No 37136
- This incentive offers a tax deduction for taxpayers who implement energy saving measures.
- In order to claim the tax from SARS, applicants follow the following process
 - Establish a baseline in terms of energy use;
 - Register with SANEDI (SANEDI will evaluate viability of project at no cost);
 - Once the project is approved it goes through an assessment process. The assessment must be carried out by SANAS accredited M&V body and this is sent back to SANEDI for final sign off (after being signed by M&V body);
 - SANEDI will then issue a tax certificate once assessment is complete;
 - Tax certificate can be sent to SARS for the tax relief.



- The energy types are: Electricity, liquid fuel, fossil fuel, bio-fuel and renewable.
- In order to claim the tax from SARS, applicants follow the following process
 - Establish a baseline in terms of energy use as per SANS 50010
 - Register with SANEDI (SANEDI will evaluate viability of project at no cost);
 - Once the project is approved it goes through an assessment process.
 - The assessment must be carried out by **SANAS** accredited M&V body and this is sent back to SANEDI for final sign off (after being signed by M&V body);
 - SANEDI will then issue a tax certificate once assessment is complete;
 - Tax certificate can be sent to SARS for the tax relief.

- ***No concurrent (consumption) benefits*** allowed



Latest developments

- The Section 12L tax allowance was *increased from 45 cents per kWh to 95 cents per kWh* in 2016.
- The *benefit period remains one year*, so energy savings from a specific energy saving measure can only be claimed for a period of one year.
- In addition, clarification has been provided that *cogeneration projects are eligible under this incentive*.
- *The SANS 50010 was used as an input into the development of ISO 50015: 2014: -- M&V of organisational energy performance -- General principles and guidance (PL: South Africa and Germany; ISO/TC 242/TC 257 Joint Working Group 3).*
- System of accrediting M&V is now well established at SANAS, and most M&V bodies are aware of the requirement for accreditation





Questions

Thank You

