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Demand Side Management Communiqué

This National Energy Response Team (NERT) Communication Brief is to update Key Electricity Customers and Stakeholders on the status of Demand Side Management (DSM) activities in South Africa and to recap on its purpose and key objectives. This communiqué also summarises the latest decisions and short term plan as it relates to DSM.

Background

Demand Side Management (DSM) refers broadly to the planning and implementation of activities designed to influence the time, pattern and amount of electricity usage. DSM includes both reducing the amount of electricity consumed, (electricity/energy efficiency), and shifting the time of energy usage to times of lower energy demand (peak shifting).

Electricity supply constraints that manifested in wide-spread black outs in the first quarter of 2008 and severe restrictions imposed on, particularly, large power consumers are being addressed through a comprehensive strategy to increase supply of and manage demand for electricity.

DSM, alongside a concerted Communication drive and a Power Conservation Programme (PCP), aims to supplement the reserve margin and optimise electricity usage therefore contributing to the demand management component of the national energy response strategy.

Workgroup objectives

Initial indications are that the shortfall between forecasted demand and the available supply is approximately 10%. Whilst the exact extent, duration and timing of constraints are being defined, a 10% energy and demand saving requirement therefore quantifies the targeted savings.

As part of the National Energy Response Team (NERT) a DSM Implementation Coordination Workgroup has been established to coordinate and facilitate the implementation of all DSM activities in response to the immediate supply crisis and towards meeting the stated savings requirements.

The workgroup specific objectives are formulated as:

- Develop targets for demand and energy savings with consideration of forecasted shortfalls and key stakeholder activities with relation to DSM
- Collate and publish a consolidated National view (top down and bottom up) on Energy Efficiency and Demand Side Management activity progress representing at least 80% of National activities
- Provide DSM strategic direction informed by the comprehensive overview of activities (current and planned) for an optimal (mix, cost, capacity) National efficiency initiative



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- Facilitate progress of DSM initiatives, as and when required, towards the set targets by resolution of barriers/constraints/issues, promotion/facilitation of collaboration (including other workgroups) and engagement and optimisation of efforts (less duplication)
- Actively pursue funding through the NERT structures (and other appropriate channels) to support the consolidated National DSM plan

Programme overview and progress

Representation on the DSM NERT Workgroup includes a broad range of stakeholders representing both public and private entities. Workgroup activities have been categorised into three levels of involvement i.e.: Monitoring and Reporting, Issue Facilitation and Management.

Monitoring and Reporting

Traditionally Eskom has administered the DSM programme through an incentive/grant mechanism compensating qualifying participants for proven demand and energy savings.

Ever-growing environmental (sustainable development and climate change) consciousness, corporate social responsibility considerations, Government's Energy Efficiency Strategy and particularly the electricity supply constraints have prompted energy efficiency initiatives and programmes amongst a variety of stakeholders in South Africa.

Increasingly, these programmes have been implemented independently of the Eskom DSM programme and funding.

With the temporary exclusion of DSM from the electricity tariff in 2008, National Treasury made alternate funding for DSM initiatives available until 2011/12. This will see a further shift from the Eskom DSM programme with approximately 70% of the funds allocated directly to Municipalities for energy efficiency programmes.

As a result, the workgroup's **primary focus** is on developing a consolidated view of current and planned energy efficiency programmes in order to enable informed decision-making by NERT and Government with regards the status of the electricity network.

Issue facilitation

The secondary focus is on facilitating and enabling implementation of activities by resolving barriers to implementation for optimal efficiency benefits.

Several issues have already been identified with which the workgroup is required to assist. These include issues relating to Measurement and Verification, the funding approach for DSM initiatives, the effective functioning of a South African energy efficiency agency, the administration of a Municipal Energy Efficiency Fund and barriers for effective implementation of energy efficiency by Municipalities, amongst others.

In select instances, such as the resolution of barriers for Municipal efficiency, task teams have been established to focus on specific issues. Task teams include:

- Measurement and Verification (information sharing)
- Bylaws (information sharing)
- Strategy development and planning
- Energy losses

Management

In select instances the workgroup may identify initiatives that will be initiated, implemented and managed by the Workgroup itself. Currently those initiatives that reside with the Workgroup are subject to investigation to assess the value proposition and inform decision-making.

Conclusion

The preceding list of initiatives is centred around the establishment of a comprehensive National DSM view and the facilitation of issues and barriers for optimised implementation. When the National view is collated by the Workgroup, the immediate next priorities and issues will become apparent that would most significantly contribute to an optimal efficiency drive.

The broad Workgroup composition is reflective of the range of stakeholders that have an interest in energy efficiency in South Africa. The workgroup is therefore well positioned to contribute to and guide an environment for optimal energy efficiency.

If you have any queries or require additional information with regards to the DSM NERT Workgroup activities, please forward your e-mail to info@nert-pmu.co.za. You are also invited to view our website on www.savingenergy.co.za, for valuable information on the broader Energy Efficiency drive.

Regards,

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