



Press release
22 February 2019

Business further incentivised to improve energy efficiency amid constrained capacity

South African businesses should be encouraged to be more energy efficient and reduce their electricity bills by Treasury's recent announcement that the energy efficiency savings tax incentive (Section 12L) will be extended for three more years. The announcement made by Minister of Finance Tito Mboweni, during Wednesday's budget speech, comes at a time when there is a sincere need to reduce energy consumption nationally.

The SA National Energy Development Institute (SANEDI) which plays the role of implementing and overseeing the application process of the incentive has welcomed the extension. General Manager for Energy Efficiency at SANEDI Barry Bredenkamp, says, "It gives businesses a larger window of opportunity to continue their drive towards energy saving. We've been called on by government during this time of constraint to do all we can to reduce energy. The incentive gives customers the triple whammy of reducing their bills, improving their carbon footprint and helping to meet the country's energy requirements, whilst at the same time, being given a rebate on their tax return."

The energy efficiency savings allow for a tax deduction of 95c/kWh saved on energy consumption. Bredenkamp says they have seen real and substantial benefits to applicants, "In some instances customers save up to 30 percent on their energy bill and then on top of that they get a rebate from their tax return to further sweeten the deal. It is 95c per kilowatt hour saved across all energy carriers, not only electricity savings."

The 12L tax incentive's objective is two-fold; to encourage energy saving in a constrained capacity environment and to assist in meeting the country's commitments to reduce carbon emissions over the next few years.

Bredenkamp says that the incentive has gathered momentum more recently, "A lot of the blue chip companies in South Africa have been part of the initial applications. We've seen in excess of 200 applications over the period so far and we believe with this window of opportunity being extended until 31 December 2022 we should be able to double the number of applications."

National Treasury also announced that they will be reviewing the design and administration of the energy efficiency savings tax incentive this year, to make it even easier for the smaller businesses to access.

Bredenkamp concludes, “There is a calculator on SANEDI’s website where companies can check the feasibility of applying for the incentive. It will give them an indication of what the benefit would be and they can base their decision on that.”

For more information about the energy efficiency savings incentive visit <https://www.sanedi.org.za/12L.html>

About SANEDI

The South African government established the South African National Energy Development Institute (SANEDI) to direct, monitor and conduct applied energy R&D, demonstration and deployment, as well as to undertake specific measures to promote the uptake of green energy and energy efficiency in South Africa. Its mission is to use applied and energy research and resource efficiency to develop innovative, integrated solutions that will catalyse growth and prosperity to meet its vision of sustainable living for growth and prosperity in Africa. For more information, go to www.sacccs.org.za.