

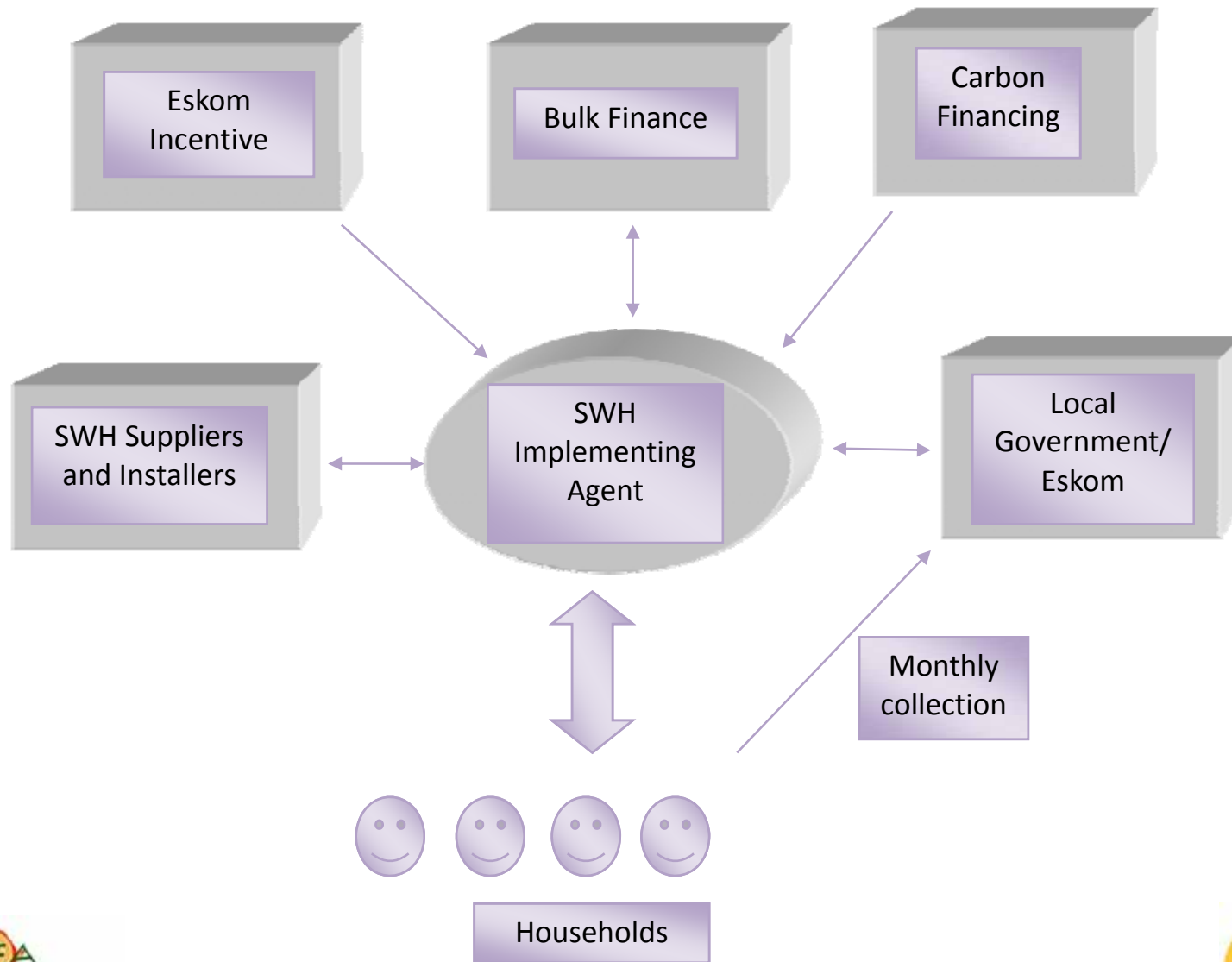
How to implement LI SWHs

3 approaches:

- Business driven with City support (eg Kuyasa approach)
- Municipality/Province driven – business model
- Govt driven - funded (ad hoc or structured)



Business Driven Solution



Benefits: Business driven model

- Business can operate in a field in which it excels
- Government takes no risks – provides support where it can

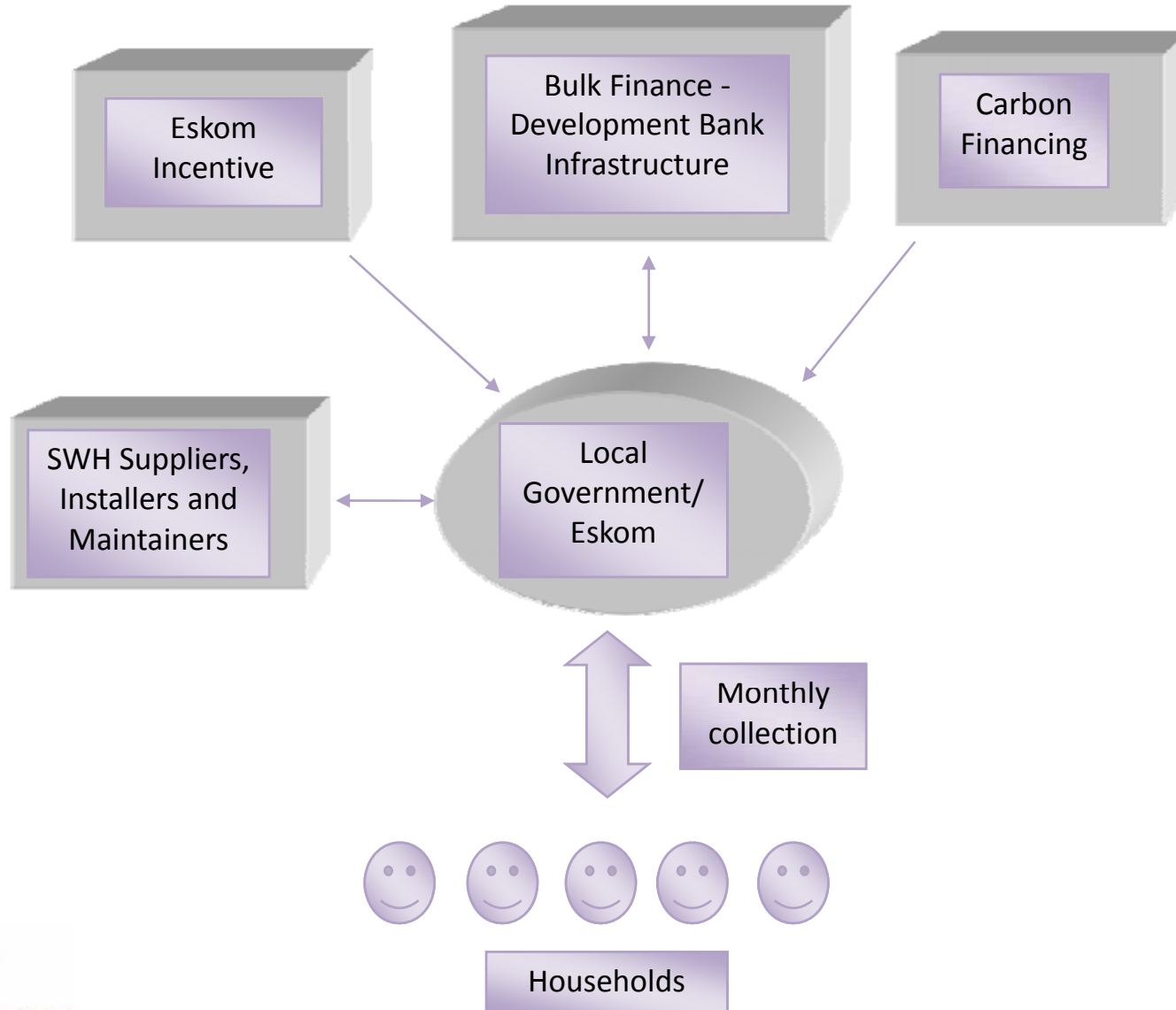


Challenges: Business Driven Model

- Business carries all of the risk
- Government cannot influence the process greatly



City Infrastructure Solution



Benefits: City infrastructure model

- Risk is shared between City and contracted SWH service providers
- Quality system (5yr warranty) installed
- Maintenance
- Simple fee collection using existing channels



Challenges: City Infrastructure Model

- SWHs not core government business
- Additional internal capacity required to manage process
- Long term commitment to SWH installation (10 yrs minimum)



Fully funded model

- 2c/kWh tax = R4 billion/year
- 1.5 million RDP houses = R6 billion
- Take % of 4 billion over 10 years for mass rollout programme

Benefits

- Job creation
- Welfare benefit
- Suppressed demand addressed

Cons

- Ownership
- Who runs it (sourcing SWH, installation, maintenance etc)?



Summary

- Business model low income feasible if set up correctly
- Government driven using private sector potentially the most effective approach
- Fully funded national rollout programme the least complicated model



Key Criteria to make this work:

- Real attractive finance available (loans or govt funds)
- CDM programmatic methodology in place
- Collection system using pre-paid meter in place
- Guaranteed Eskom subsidy

2nd level criteria

- Institutional support
 - National support and co-ordination
 - Sustainable Housing Facility



Recommendations for best practice

- Sustainable business model
 - Monthly collection through prepaid meter
 - City collecting monthly payments
 - Programmatic CDM in place
 - Eskom incentive in place
 - Installation and Maintenance
 - Local job creation
- Community buy in
 - Engagement process, awareness around benefits, maintenance issues etc
 - Individuals have choice
- Reliable technology
 - Minimum 5 year warranty
 - Installation guarantee/maintenance plan



Research/Actions

- Establish Prepayment/repayment collection system in a City/Eskom
- Info and support to engage with programmatic CDM
- Establishing financing mechanisms (funding/loans) at national level
- Engage with national for leadership around SWHs
- Health impact – polycarb/ fibreglass/ stainless steel quality potability
- Is water heating an energy use priority linked to FBE?
- Establish Eskom guarantee period



Thank You



Sustainable Energy Africa

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energy
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efficiency
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Potential solution for South Africa

