

FOR BUSINESSES

SOLAR OVERVIEW



UTILITY ENERGY SOUTH AFRICA
Smart Energy Solutions

IN THIS ISSUE

TAX BENEFITS

The Income Tax Act (RSA) was amended for accelerated depreciation allowance on renewable energy to an even earlier depreciation allowance of just one year.

ENERGY SECURITY

Power outages and poor power quality can damage manufacturing equipment and impact production. Unstable energy prices impact the economics of producing goods and services.

BENEFITS

Solar power, like other renewable energy resources, have many environmental and health benefits, but the primary benefit is financial.



SELF RELIANCE

FINANCIAL AND OPERATIONAL BENEFITS OF SELF RELIANT ENERGY SYSTEMS

Today, more than ever before, our business risks are influenced by so many factors beyond our control. A reliable, cost effective source of power is a non-negotiable requirement for most businesses.

Utility energy SA is a turnkey solar solutions business, offering our Southern African region-clients a full array of energy services and products.

We have prepared this information document for your consideration about the benefits of alternative, renewable energy sources.



THE 12B TAX ALLOWANCE

100%. YEAR ONE

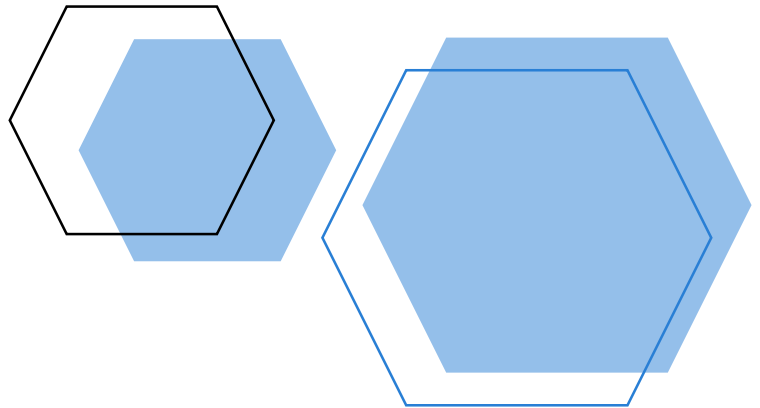
The **12B Tax Allowance** targets Shopping centers, Business Premises, Farms, Small Manufacturing Plants and Properties with larger than residential roof spaces.

Section 12B of the Income Tax Act provides for an accelerated capital allowance in respect of certain assets owned and used by a taxpayer in the generation of electricity from wind power, solar energy, hydropower to produce electricity of not more than 30 Mega Watts as well as biomass comprising organic wastes, landfill gas or plant material. As from 1 January 2016, Section 12B of the Income Tax Act (South Africa) was amended from a three-year (50% 30% 20%) accelerated depreciation allowance on renewable energy to an even quicker depreciation allowance of just one year (100%).

With this incentive, you can deduct the full value of your new solar power system as a depreciation expense from your company's profits. This means that your company's income tax liability will be decreased by the same value as the value of the installed solar system. This reduction can also be carried over to the next financial year as a deferred tax asset. This is a direct saving of 28% on the purchase price from day one on the solar system.

The financial ROI model of such a solar power system looks very attractive. If a system is bought cash, the ROI would be 3-4 years and if it's on a loan, the ROI would be 4-5 years, depending on the local municipality kWh tariff billing rates.

Based on government's recent announcement of the Just Energy Transition Investment Plan (JET IP), there will also be incentives for rooftop solar, and Eskom will develop feed-in tariffs for the purchase of surplus electricity from residential customers. National Treasury is undertaking further work on tax incentives for investment in small-scale embedded generation. Information will be shared with private investors to guide their investment in the national grid. Click on the link below for the SARS Tax incentives for companies.





ENERGY SECURITY

SECURE. SUPPLY ON DEMAND.

Although energy systems have always been subject to disruption, potential threats are increasing in relation to reliance on energy for economic growth; intensifying weather events; and the growing potential of large-scale cyber-attacks on increasingly networked energy systems. Such evolutions give urgency to understanding trends and vulnerabilities in emerging energy technologies, planning, and practices.

Institutions and governments around the world define energy security in different ways. The International Energy Agency (IEA) defines energy security as “the uninterrupted availability of energy sources at an affordable price.” IEA also makes a distinction between long-term energy security for future economic development and short-term energy security that ensures energy systems will react quickly to sudden changes in the supply-demand balance (IEA).

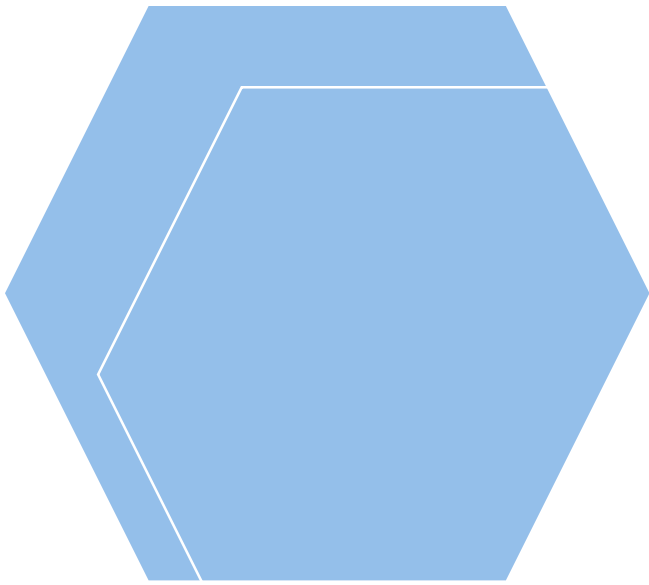
Energy security is vital to many sectors of the economy. Examples include, but are not limited to, the following:

INDUSTRY: Nearly all modern industries depend on reliable and affordable power supplies. Power outages and poor power quality can cause damage to manufacturing equipment and impact production. Unstable energy prices can impact the economics of producing goods and services.

Food: The globalized industrial food system is largely dependent on fossil fuels to power farming equipment, produce pesticides and fertilizer, and transport goods. To prevent food from spoiling, reliable power is needed to keep produce cool in refrigerated warehouses or transportation containers. Rising fuel and energy prices can impact food prices and affordability.

Health Care: Interruptions to power supplies can impact medical centers and hospitals. Certain treatments or medical care protocols rely on dependable power (e.g., dialysis centers and operating rooms). Vulnerable patients can die from heat or cold exposure.

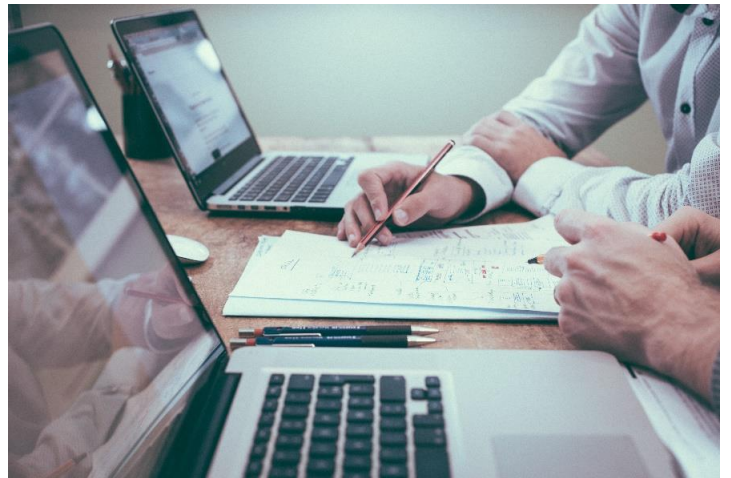
Other Critical Services: Power is also essential in providing other critical services related to water and sanitation and telecommunications, among others. Provision of these services is especially critical in the aftermath of a disaster to avoid cascading negative impacts and enable recovery.



BENEFITS

REDUCED RISK. IMPROVED PERFORMANCE

- Reductions in operating costs
- Improved bottom-line
- Improved cash flow
- Real Return on Your Investment
- Sustainable, Reliable and Minimal Maintenance
- Reduced Carbon Footprint
- Tax incentives
- Ordinarily only existing roof space is sufficient
- Abundant fuel, the sun is free



FINANCED CAPITAL EXPENDITURE

ZERO DOWN. SAVE FROM DAY ONE

- Purchase clean energy without any capital outlay.
- Various 'Green-financing' and Renewable Funds are available for structured funding.
- Minimised risk exposure to escalating electricity tariffs with fixed payment terms.
- Solar energy offer flexible and deployable solutions for growth.
- Minimised risk due to diversified energy supply and –cost position.





THERE IS A SOLUTION FIT FOR YOUR BUSINESS

TAKE THE FIRST STEP

ZERO RISK, NO COMMITMENT. AN OPPORTUNITY AWAIT.

There has been no better time than now for solar energy. The reduced costs and government tax incentives make solar a real contender and the only way to consider this properly, is to look at the data.

Utility Energy SA will design a system, install, commission and maintain your solar energy system. Each building and business is different and therefore a stringent process is followed to ensure the best technology available is applied to maximize efficiency and reliability.

Contact us today for a no-obligation meeting to discuss your objectives. We will prepare a Customised Solar Energy Proposal for your business at no cost. All we require from you is the most up-to-date energy consumption data (electricity bills should ordinarily cover this).

We will provide you with an insightful document which will, amongst others, show you the following:

- The system design we propose based on your input data (designed around your specific requirements)
- The financial options to invest, including cash, financed terms.
- The breakdown of the financial returns including pay-back term and medium- to long-term savings.



**A SECURE, RENEWABLE AND
READILY AVAILABLE SOURCE OF
ENERGY FOR YOUR BUSINESS**

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