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## **IMPACT OF THE WESTERN CAPE DEPARTMENT OF HEALTH AND WELLNESS ENERGY SERVICES COMPANY DEMAND SIDE MANAGEMENT PROGRAM (PROJECT)**

The purpose of this submission is to highlight the positive impact of the Western Cape Department of Health and Wellness (WCDHW) Energy Services Company (ESCO) Demand Side Management (DSM) Program (Project).

The ESCO DSM Program (Project) is currently registered as a Western Cape Department of Health and Wellness (WCDHW) Growth for Jobs (G4J) Flagship Project [DSM in Provincial Health Buildings & Facilities, Project Number: G4J-202425-ENE-008] with the G4J Strategic Execution and Coordination Office (SECO) in the Department of Economic Development and Tourism (DEDAT) and the Department of the Premier (DOP) Core Energy Team.

Excellent progress has been made with the rollout of the ESCO DSM Program (Project) as illustrated in the attached February 2026 project dashboard.

The progress since inception of the program to date is summarized below:

- ESCO DSM energy savings initiatives is in process of being initiated at fifteen (15) hospitals in the Cape Metro and Rural Districts.
- To date 11 870 257 kWhrs of energy has been saved.
- To date the total rands saved on the municipal bill equates to R24 023 238.
- The carbon savings per annum (kg's) is 11 632 852.
- 1 163 285 trees have been saved.

As per the WCDHW ESCO Shared Savings Contract, the ESCO invests capital in the energy savings initiatives at a health facility and shares in the savings on the municipal bill.

The ESCO has invested R 3 330 054.62 of its own capital in energy savings initiatives at project sites between April 2025 and September 2025. The estimated total investment by the ESCO in the 12 project sites reflected in the February 2026 project dashboard over and above the 3 pilot sites (Paarl Hospital, Red Cross Hospital and Eerste River Hospital) will be approximately R43 000 000.

Since the inception of the project, the total skills development hours up to the end of Quarter 3 of the 2025/26 financial year equals 23 676 hours. The ESCO has also established a permanent team for the WCDHW ESCO Program (Project) which consists of 12 members. For the 2024/25 financial year, all technical interventions were done by 14 local Western Cape Sub-Contractors.

Aside from collectively contributing to PFA 3: Energy Resilience and Transition to Net Zero Carbon in the WCG G4J 2030 Implementation Plan, the ESCO DSM Program also contributes to achieving the energy goals in the WCDHW Race to Zero Strategic Plan which is being subjected to final editing.

The ESCO Program (Project) is supplemented at certain project sites by the WCDHW Solar PV Program.

The WCDHW Energy Team and Climate Change Unit intends expanding the ESCO DSM Program over the 2026 Medium Term Expenditure Cycle (MTEC) due to the positive impact on energy consumption at current project sites and the reduction in Scope 2 indirect Greenhouse Gas Emissions (tCO<sub>2</sub>e) linked to energy consumption.

The WCDHW ESCO DSM Program (Project) is currently regarded as best case practice by the DOTP Core Energy Team. WCDHW recently tabled a presentation on the ESCO, Energy Performance Contracting, and Solar PV Programme to the National Department of Electricity and Energy (DEE) and numerous municipal officials at Red Cross Childrens Hospital. Refer to the attached email reflecting on the recent site visit to Red Cross Childrens Hospital by the DEE. The DOTP Core Energy Team intends including an article on the site visit and both programs in the upcoming edition of the WCG Publication, FOR YOU.

It will be greatly appreciated if the WCDHW ESCO Program (Project) is considered for a Western Cape Economy Innovation Award.

Kind Regards

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**DATE:**