Climate change solutions
– it's in the money, Stupid!

ALEX hetherington

Climate activists need to adopt new and innovative methods of communication if they are to succeed in their goal of reducing global and local carbon emission levels.

At last year's launch in Johannesburg of the South African chapter of the Carbon Disclosure Project (now simply called CDP), there was much bemoaning that yet again direct carbon emissions from South Africa's JSE Top 100 companies had increased – this time from 133 million tonnes to 135 million tonnes year on year. This increase, the CDP reports, is far from adequate if South Africa is to meet its national carbon reduction targets as part of its international commitment to retain global warming below a 2 degree Celsius threshold that most scientists believe necessary to avoid "dangerous climate change."

Among the gnashing of teeth at the launch, was a vociferous attack on the local financial media for providing disproportionate column centimetres to climate denialists and sceptics. However, the climate community needs to change tack in its efforts to counter both these problems. To do so, it should focus more fervently on the straight economics of carbon reduction. In the South African CDP report there is only one reference to financial savings from carbon reductions, made by the international CEO of CDP, who cites that the US corporate sector could reduce emissions by three per cent each year between 2010 and 2020 and save US$780 billion as a result. There is no reference to potential South African savings.

If we are sceptically honest, CEOs are unlikely to change their production methods just to reduce carbon emissions. They might do it, however, to save money and increase profits. Hence, the business case has to become the lead carbon reduction mantra. Reducing carbon to save the planet is simply not strong enough in the profit-seeking capitalist reality in which we live. Fortunately, there is more than enough available local and international evidence to support the viewpoint that carbon savings equate to financial savings. In 2012, Nampak implemented initiatives that saved 2 780 tonnes of carbon at a financial saving of R4,9 million. Most of these projects had a payback of less than one year. Remgro, through its subsidiaries of TSB Sugar, RCL and Wispeco, saved some 10 180 tonnes of carbon while realising R4,6 million in savings, with most projects having a 4-10 year payback period. These are impressive figures that will make most CEOs and Financial Directors take note – and should be consistently highlighted by CDP and others.

In the United Kingdom, the Energy Savings Trust, claim that GBP200 million can be saved if just ten per cent of London's van fleet switched to electrical modes of generation, while Scotland's Caledonian Brewery reported saving 105 tonnes of carbon and R175 000 a year through simple power correction. The opportunities abound, and in these tough economic times who wouldn't seriously consider this message.

In South Africa, where electricity consumption accounts for anything from 60-80 per cent of most companies total carbon emissions, business should take Eskom to task (and by default through the parastatal monopoly nature of Eskom, government too) to provide cleaner and more efficient energy. The recent commissioning of renewable energy generation is to be applauded, but the continued reliance on dirty cheap coal needs to be challenged. If, as the CDP indicates, business is not reducing its emissions, then South Africa simply needs cleaner energy if it is to meet its stated carbon reduction targets.

Going back to the economics, companies should also reduce their electricity consumption simply to achieve cost savings. With the cost of electricity to increase eight per cent per year up to 2018, it is becoming an expensive commodity. In cutting electricity consumption, carbon emissions will also be reduced.

Internationally, there is some light at the end of the tunnel. In a recent paper, Trends in Global CO2 Emissions: 2013 Report, by the Netherlands Environmental Assessment Agency and the European Commission's Joint Research Centre, global carbon emissions rose by 1,4 per cent in 2012, compared with an average 2,9 per cent since 2000. However, importantly, global GDP increased 3,5 per cent. This suggests a decoupling starting to take place between economic growth and carbon emissions, and is largely attributed to increased energy efficiency – the kind of behaviour that the CDP calls for in South Africa.

To join this international trend, South Africa needs to cut its carbon emissions. To do so, the financial case must be made and communicated loudly. At that point decision leaders will listen and climate sceptics will naturally be muted.