**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION 1987**

**INTERNAL QUESTION PAPER [No 19-2023 SIXTH PARLIAMENT]
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**1987. Mr M K Montwedi (EFF) to ask the Minister of Agriculture, Land Reform and Rural Development:**

Considering that it seems clear that sooner or later the Republic will experience a grid collapse that will create serious problems for the agricultural sector, which is already struggling due to the continued load shedding, (a) what (i) contingency plans has her department put in place to deal with the current load shedding crisis and (ii) informed such plans and (b) which stakeholders in the specified sector have contributed to such measures? **NW2243E**

**THE MINISTER OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT:**

1. (i) The Department of Agriculture, Land Reform and Rural Development established a Sector Energy Crisis Task Team comprised of government, industry, research institutions and sector entities. The work of the Task Team, engaging with Eskom looked at immediate, short and long term contingency plans to protect the sector against the negative impact of load shedding. The interventions will cover the sector at large including all categories of farmers. The interventions are also being aligned to the pronouncements delivered by the Minister of Finance during his budget speech statement.

**The proposed interventions are:**

* Customers with dedicated supply infrastructure should apply for load curtailment.
* Customers supplied by the same feeder/ substation can group together and apply for load curtailment.
* Review the schedule (duration and or time) where possible, to accommodate the needs of majority of customers (the criteria will be based on impact/number of commercial customers).
* Customers in municipal supply area where switching is done by Eskom and where possible, to exempt/curtail, municipalities to be allowed to do own switching to accommodate customers.
* Reconfigure the network to allow possible isolation where possible.
* Install micro grids, PV’s and battery containers for critical loads especially during critical times such as harvesting, irrigation and refrigeration- this will require customers to identify the essential load.

As announced during my Budget Speech, the Department is establishing the Agro-Energy Fund at the Land Bank. This is a blended finance instrument where the state will provide a grant on a sliding scale per producer category combined with a loan from the Land Bank.

The focus of the Agro-Energy Fund is on energy intensive agricultural activities. These include irrigation, intensive agricultural production systems, and on-farm cold chain related activities. The blended thresholds and caps per category of producer are as follows:

* a **large-scale producer** will receive 30% grant funding to be matched with a 70% loan portion, where the grant amount is capped at the maximum of R1.5 million;
* a **medium-scale producer** will receive a 50% grant to be matched with a 50% loan portion, where the grant is capped at the maximum of R1 million; and
* a **smallholder producer** will be supported by a grant portion of 70% to be matched with a 30% loan. For this category, the maximum grant funding is capped at the maximum of R500 000.

 **Table 1: Grant Limits**

|  |  |  |  |
| --- | --- | --- | --- |
| **Farmer Categorization** | Large Scale Farmer | Medium Scale Farmer | Small Scale Farmer |
| Turnover  | >R10m <R50m | >R1m-R10m | >R50k -R1m |
| % Grant of the Cost (valid Quotation) | 30% | 50% | 70% |
| Land Bank Loan Component  | 70% | 50% | 30% |
| Grant Caps | R1.5m | R1m | R500 000 |

(ii) The Grant caps will be according to Table 1 above; however, the cost of the infrastructure needed by the farmer will be informed by the farmer’s farm energy requirement assessment based on the kilowatts. The pre-assessment by a competent expert registered with the South African Photovoltaic Industry Association (SAPVIA) will be key so that the correct fit for purpose system is installed.

The Blended Agro-Energy facility will be used by qualifying producers for the purchase of capital equipment and infrastructure (CAPEX) for alternative energy sources directly linked to energy-intensive farming operations.

**Table 2: Common high energy consuming activities at the farm level**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Dairy Farming** | **Piggery** | **Poultry** | **Field Cropping** | **Horticulture including (Greenhouse)** |
| Milk cooling machinery | Heating | Lighting | Cold Storage | Cold Storage |
| Lighting | Ventilation | Feeding machinery | Tilling | Irrigation |
| Milking machinery | Lighting | Ventilation | Irrigation | Ventilation |
| Feeding machinery | Feeding machinery | Heating |  | Lighting |

***NB: the list is not exhaustive***

1. DALRRD consulted sector stakeholders and continues to do so. The stakeholders consulted include the CEOs of industry, commodity organisations, research fraternity, farmers organisations and government entities including Eskom.