

Agbiz Press Statement

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Agbiz welcomes the move towards 100 MW exemption for energy generation

On Thursday the 10th of June, President Ramaphosa announced that companies who generate up to 100 MW of electricity will be exempted from the requirement to obtain a licence. The announcement follows draft regulations published in April for public comment that merely proposed raising the exemption from the 1 MW to 10 MW. Agbiz submitted written inputs in May proposing a more substantial change akin to that announced by the President.

According to Agbiz CEO, Dr John Purchase, the announcement comes at a timely hour when improvements in the policy environment are desperately needed for agribusinesses: "Agbiz wholeheartedly welcomes the pronouncements by the President. Aside from the load-shedding being experienced countrywide, we recently saw prominent agribusinesses voice concerns about their ability to do business in rural municipalities due to poor service delivery. The announcement that companies can now generate up to 100 MW without obtaining a formal licence is a timely boost for business confidence as it will unlock large investments into renewable energy and allow businesses to secure their energy needs."

Whilst the policy change would allow businesses to secure their own energy needs, Dr Purchase did not agree that it would replace Eskom's role in the economic recovery strategy: "The amendment does allow agribusinesses to build capacity that would buffer against energy interruptions but there is no substitute for a fully-functioning, national energy supplier. The baseload that Eskom must supply is essential for the stability of our entire grid. Aside from its generation capacity, Eskom still manages transmission and distribution. With this in mind, it is absolutely essential that we get the utility back on track. We fully support the CEO, André de Ruyter's efforts to root out corruption and restore Eskom to a world-class utility. We must have world-class utilities for the economy to function effectively. Embedded generation is certainly a big boost for companies but we still need to root out corruption and restore the credibility of all SOEs to grow the economy."

"Agbiz has been asking for relaxed electricity generation rules for the better part of 10 years so we are delighted with this announcement. More importantly, it shows that Government is serious about its commitment to partner and engage with business to

grow the economy inclusively. We view this announcement as a step in the right direction not just for energy security, but more broadly to create an enabling environment for business."

Agbiz and its compatriots in the business sector will monitor the Government Gazette for the revised Regulations.

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