NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal and Private Distributor Tariff Applications for the 2026/27 Financial Year

By

Victor Khanye Local Municipality

THE DECISION

At its meeting held on 30 April 2026, the Regulator Executive Committee (REC) considered Victor Khanye LM's tariff application. Based on the facts and evidence presented, REC approved the tariff increases for the 2026/27 financial year set out in
Table 1 below.

Table 1: Summary of the REC decision

Tariff Category	2026/27 approved % Increase
Domestic Prepaid	11,01%
Domestic Conventional	11,01%
Commercial Single Phase 70A	11,01%
Commercial Conventional low	11,01%
Commercial Three Phase 100A	11,01%
Industrial	11,01%
Departmental	11,01%
Industrial Time of Use	11,01%

Time of use > 1 MVA	11,01%
Commercial Three Phase 100A	11,01%

Based on the available information and the analysis performed thus far, the Regulator Executive Committee decided at its meeting on 10 April 2026, that:

1. The tariffs that are based on the COS study are approved as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026.
2. The Cost of Supply R submitted by the municipality be noted.
3. The municipality is required to submit a report accounting for all the costs that have been noted in its COS study, to enable the Regulator to perform its independent verification/audit process; and
4. The municipality is required to submit an audited financial report that reflects the impact of its cost of supply-based tariffs on customers, as well as on the licensee's sustainability and local economy.
5. The municipality is required to submit quarterly SMART energy losses reduction progress reports for the Regulator to monitor implementation thereof.

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The whole decision is on NERSA's website: https://www.nersa.org.za/file/9257/VictorKhanyeLM2026_27.pdf

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ABBREVIATIONS

COS	Cost of Supply
D-form	Distribution form
ERTSA	Eskom's Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IPP	Independent Power Producer
LM	Local Municipality
MFMA	Municipal Finance Management Act
NERA	National Electricity Regulation Act
NERSA	National Energy Regulator of South Africa
OPEX	Operating Expenditure

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receives and considers tariff applications on a yearly basis, in accordance with the mandate of the Energy Regulator to regulate prices and tariffs. Municipal tariffs must be approved by the Energy Regulator to be implemented on 1 July of each financial year.

1.2. The municipality has a population of 106 108 and the rest of the socio-economic information is listed in the Table 2below. The licensee provides 50 kWh Free Basic Electricity to 3 447 indigent customers.

Table 2: Customer Base

	2024/25			
Customer categories	***KWh***	***% KWh***	***Customer numbers***	***% Customer numbers***
Domestic (Prepaid)	20 172 905	27%	17 404	96%
Domestic (Conventional)	3 064 543	4%	295	2%
Manufacturing	28 529 411	38%	27	0%
commercial (Prepaid)	3 340 000	4%	173	1%
Commercial (Conventional)	18 144 411	24%	145	1%
Own use	172 329	0%	1	0%
Sold to other departments	1 903 096	3%	48	0%
TOTAL	**75 326 695**	**100%**	**18 093**	100%
Free Basic Electricity	260 775	1,12%	3 477	20%

1.3.

1.4. NERSA received Victor Khanye's tariff application together with its Cost of Supply (COS) on 31 March 2026.

1.5. In accordance with NERSA requirements, all tariff applications must include confirmation that the proposed tariffs have been approved by the municipal council and have undergone customer consultation.

1.6. NERSA followed the notice and comment consultation process as well as oral presentations. Victor Khanye's tariff applications were published on the NERSA website on 31 March 2026, on social media platforms and national and local newspapers to solicit written comments from affected parties.

1.7. NERSA's decision was made on 10 April 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. Legal and Regulatory Framework

2.1. Background

2.1.1. The approval of Municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives, and court orders. The principal legal instruments governing the exercise of this regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004) ("NERA"), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended ("ERA"), the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) ("PAJA"), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 ("EPP").

2.1.2. The approval of municipal electricity tariffs follows the Eskom Multi-year Proce Determination and Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually in order to align with the municipal budgeting process contemplated in the Municipal finance management Act, 2003 (Act No. 56 of 2003).

2.1.3. In addition, the municipal tariff approval process has recently been the subject of judicial scrutiny in the High Court of South Africa (Gauteng Division, Pretoria) in AfriForum NPC v National Energy Regulator of South Africa and Others (Case No. 2025/137620), which resulted in structural directives governing the timing and conduct of NERSA's tariff approval process.

2.1.4. This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for the 2026/2027 municipal financial year.

2.2. Statutory Mandate of the Energy Regulator

2.2.1. NERSA is established as a juristic person in terms of section 3 of the NERA. In terms of section 4 of NERA, the Energy Regulator as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by the ERA. Section 3 of the ERA particularly provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.2.2. In particular:

- Section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licenses and may issue licensees subject to conditions.
- Section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs.
- Section 14(1)(d) of the ERA authorizes the Energy Regulator to impose license conditions relating to the setting or approval of prices, charges, rates, and tariffs charged by licensees.

2.2.3. Municipalities distributing electricity do so under electricity distribution licenses issued by the Energy Regulator and are therefore subject to the tariff approval framework established under the ERA.

2.3. Tariff Determination Principles under the ERA

2.3.1. When determining or approving electricity tariffs, the Energy Regulator must apply the principles contained in section 15(1) of the ERA.

2.3.2. Section 15(1) provides that the Energy Regulator:

- must enable an efficient licensee to recover the full cost of the licensed activity.
- must allow for a reasonable return commensurate with the risk of the licensed activity.
- may provide incentives for continued improvement of technical and economic efficiency.
- must avoid undue discrimination between customer categories.
- may permit cross-subsidies of tariffs to certain classes of customers; and
- may have regard to the need to ensure security of supply, diversity of supply and the promotion of renewable energy.

2.3.3. These statutory requirements form the core legal principles guiding the determination of electricity tariffs within the South African electricity supply industry.

2.4. Administrative Law Requirements

2.4.1. The approval of municipal electricity tariffs constitutes administrative action as defined in section 1 of the PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable, and procedurally fair as required by sections 3 and 6 of PAJA. Procedural fairness requires that affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

2.4.2. Public participation processes conducted by the Energy Regulator therefore form an essential component of the municipal tariff approval process and are intended to ensure transparency, accountability, and fairness in regulatory decision-making.

2.5. Policy Framework: Electricity Pricing Policy (2008)

2.5.1. In addition to the statutory framework, the Energy Regulator must have regard to the EPP. The EPP establishes national policy principles for electricity tariff setting, including cost reflectivity, transparency, economic efficiency, and equity.

2.5.2. Policy Position 1 of the EPP provides that the revenue requirement for a regulated licensee must be set at a level that covers the full cost of production, including a reasonable risk-adjusted margin or return on appropriate asset values.

2.5.3. Policy Position 2 states that electricity tariffs must reflect the efficient cost of rendering electricity services accurately and that the average level of tariffs must be set to recover the approved revenue requirement.

2.6. Cost of Supply Studies

2.6.1. The EPP recognizes that cost reflective tariff structures require a sound understanding of the underlying cost drivers associated with electricity distribution.

2.6.2. Paragraph 8.1 of the EPP notes that Cost of Supply methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3. Policy Position 23 therefore requires electricity distributors to undertake Cost-of-Supply studies at least every five years, or when significant structural changes occur in the customer base or cost structure.

2.6.4. Such studies must be conducted in accordance with the methodology approved by NERSA and must accompany tariff structure applications submitted to the Energy Regulator.

2.7. Judicial Oversight of the Tariff Approval Process

2.7.1. The municipal tariff approval process administered by NERSA was the subject of litigation in AfriForum NPC v National Energy Regulator of South Africa and Others (Case No. 2025/137620) before the High Court of South Africa, Gauteng Division, Pretoria.

2.7.2. In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process relating to the 2025/2026 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

2.7.3. However, recognizing the potentially disruptive consequences of setting aside tariff determinations already implemented by municipalities, the Court declined to invalidate the tariffs. Instead. To assist in the timeous and lawful approval of municipal tariffs, the Court issued a structural interdict regulating the municipal tariff approval process going forward.

2.7.4. NERSA subsequently launched a variation application which sought to vary the timelines which were set by the Court on 4 December 2025, considering the practical difficulties which arose as it relates to the NERSA's compliance with the Court order. The court having heard NERSA's application, granted the variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

2.8.1. The timelines below are applicable in respect of the 2026/27 municipal tariff approvals:

- written notice of bulk tariffs by 6 March 2026;
- municipal tariff applications to be submitted by 31 March 2026;
- public participation processes to be concluded by 21 April 2026; and
- the publication of NERSA decisions by 11 May 2026.

2.8.2. Municipal tariff approvals from 2027/28 are to comply with the following timelines:

- written notice of bulk electricity tariffs be communicated by 31 January each year;

- municipal tariff applications be submitted to NERSA by 20 March each year; and
- municipal tariff approvals and the tariff reasons for decision document, be approved and published by 5 May of each year.

2.9. Conclusion

2.9.1. The determination of municipal electricity tariffs by the Energy Regulator must therefore be undertaken within a comprehensive regulatory framework consisting of the NERA, ERA, PAJA, EPP and the binding judicial directives issued by the High Court in AfriForum NPC v NERSA (Case No. 2025/137620).

2.9.2. The reasons that follow in this Reasons for Decision document demonstrate how the Energy Regulator complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for the 2026/2027 municipal financial year.

3. Financial and Technical Performance

3.1. In evaluating the financial and technical performance of Victor Khanye LM, the assessment relied on the Distribution forms (D-forms) for the 2024/25 financial year submitted as part of the licensee's tariff application. The information contained in the D-forms was verified against the supporting source documents provided by the municipality, including the Trial Balance and Annual Financial Statements. As a result, the data captured in the D-forms is considered reliable for the purposes of the tariff analysis.

3.2. Victor Khanye LM's electricity business operated at a percentage deficit of -30,74% in the 2024/25 financial year increasing from a deficit of -12,84% in the 2023/24 financial year. The deficit was mainly due to surge on expenses resulting mainly from Eskom interest and partly repairs and maintenance together with increasing energy losses.

3.3. Table 3 below reflects Victor Khanye LM's energy losses. The municipality's energy losses amounted to 43,5% in 2024/25 financial year from 25,8% in 2023/24 financial year. High energy losses are due to network inefficiencies (Technical) and illegal connection, metre by passing, billing inaccuracy as well as unattended faulty metres. The total revenue foregone as a result of energy losses in the 2024/25 financial year amounted to R113,4 million.

Table 3: Performance Indicators

Performance Incators: Obatined from the D-Form		
Indicators	**2023/24**	**2024/25**
Percentage Suplus(Deficit)	-12,84%	-30,74%
Percentage energy Losses	25,84%	43,45%

3.4. Based on the above information above, the municipality's operational and financial performance is not satisfactory, and follow-ups are required in terms of strategies on how to improve this performance to a better and acceptable level(s). The municipality will be requested to submit energy losses report following the SMART principle on quarterly basis.

4. Determination Of Victor Khanye's Tariffs Based on The Cost of Supply Study

4.1. The process followed in considering and approving Victor Khanye's tariff application was supported by a cost of supply study.

4.2. Victor Khanye utilized the COS study model developed by Sustainable Energy Africa (SEA) to determine its revenue requirements for the 2026/27 financial year and to apportion costs required to service each customer's class in a fair and equitable manner. The study follows the NERSA COS framework and utilizes the latest available audited data which is based on the 2024/25 financial year.

4.3.

4.4. below details the five steps considered in the determination of the COS study.

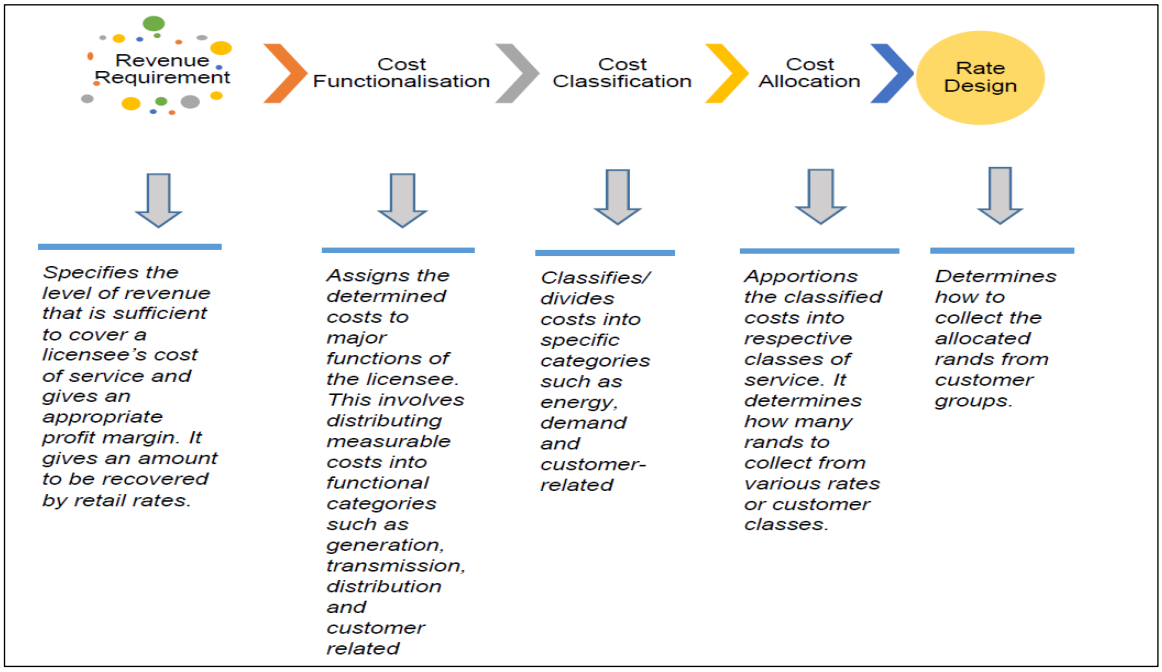


Figure 1: Fives Steps of COS

4.5. The following steps are undertaken to analyse the cost of supply study:

4.5.1. Revenue Requirement

4.5.1.1. In order to be fully cost reflective, the licensee's revenue requirements are R346,9 million (wires (21%) and Retail (79%)) for the 2024/25 financial year. This revenue requirement is made up of the following components:

4.5.1.1.1. Eskom Bulk Purchases composes 72% (excluding cost of losses) of total revenue requirement at an amount of R250,1 million and this is the largest cost driver of the municipality's electricity department.

4.5.1.1.2. Energy Loss Allowance of 12% (norm) amounting to R39.0 million. When combined with Eskom purchases: 72% + 12% = 84% and totals of R292,2 million of total revenue requirement.

4.5.1.1.3. Operational Expenditure (OPEX) 32% of total Value: R48,4 million. This includes Salaries, Maintenance, Repairs, Administration and others.

4.5.1.1.4. The remaining 9% includes Depreciation, Return on assets and others.

Table 4: **Revenue Requirement Components**

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	71 036 191	275 855 680	346 891 871	100%
Energy purchases from Eskom - net of cost of losses	-	250 131 617	250 131 617	72%
Energy purchases from Eskom - cost of losses	24 541 279	17 549 388	42 090 667	12%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	40 327 139	8 088 403	48 415 542	14%
Other revenues	- 290 063	- 24 991 517	- 25 281 580	-7%
Surplus	6 457 836	25 077 789	31 535 625	9%
Not allowable costs	14 275 742	44 257 535	58 533 277	
Cost of losses disallowed	14 275 742	44 257 535	58 533 277	
TOTAL COSTS	**85 311 933**	**320 113 214**	**405 425 148**	
	21%	**79%**		

4.5.1.2. The efficiency of costs for the 2024/25 financial year (base year) has been assessed, as this constitutes the most recent set of actual data. This assessment serves as the baseline for projecting costs for the 2026/27 financial year, applying stated assumptions to determine the revenue requirement for that period.

4.5.1.3. All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the licensee's electricity function.

Bulk Purchases

4.5.1.4. From the submitted Cost of Supply Victor Khanye LM applied for bulk purchase expenditure amounting to R250,1 million, representing 72% of total costs. The bulk purchase figure was verified against Eskom invoices for the 2024/25 financial year.

4.5.1.5. To derive the 2026/27 bulk purchase estimate, the 2025/26 Cost-of-Supply (CoS) amount was escalated by 9,01%, consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.5.1.6. The methodology applied by Victor Khanye LM in forecasting bulk purchase costs is deemed reasonable. Accordingly, the bulk purchase expenditure has been recommended for approval as submitted.

Operational Expenditure

4.5.1.7. Victor Khanye LM has applied for operational expenditure totaling R48,4 million, representing 14% of overall costs, as reflected in Table 3 above.

4.5.1.8. The approach adopted by Victor Khanye LM in forecasting operational expenditure is considered reasonable, and the amount has therefore been approved as requested.

Surplus

4.5.1.9. Victor Khanye LM has requested a surplus of R31,5 million, calculated using a surplus factor of 9% applied to operating expenditure, inclusive of bulk purchases, for both the wires (21%) and retail (79%) components of the business.

4.5.1.10. The return proposed by Victor Khanye LM is considered reasonable, as it falls below the established target range of 10–20%. This implies that the licensee should scrutinize its operating expenses to enable tolerable range on surplus.

4.5.1.11. The decision to approve the revenue requirement as submitted will be applied in the subsequent stages, namely Cost Functionalization, Cost Classification, Cost Allocation, and Rate Setting. These stages have been verified and confirmed to align with the approved revenue requirement. Further detail on these stages is provided below.

4.5.2. Cost Functionalisation

4.5.2.1. Victor Khanye LM has categorized its revenue requirement of R346,9 million into two primary functional components, namely the wires business (21%) and the retail business (79%), in accordance with the NERSA COS framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

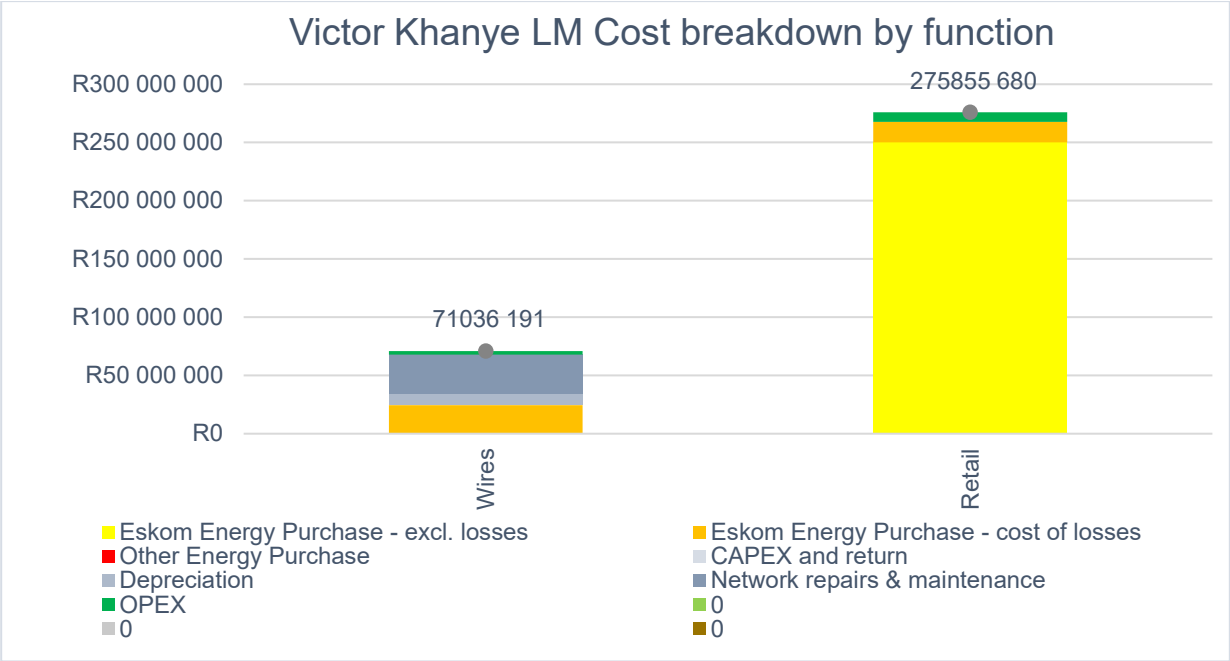


Figure 2*: Costs Breakdown by Functions*

4.5.2.2. These costs, upon verification, are consistent with the approved revenue requirements. Network repairs and maintenance constitute the predominant cost drivers within the wires business, while energy purchases represent the primary cost driver within the retail business.

4.5.3. Cost Classification

4.5.3.1. Victor Khanye LM classified its costs into energy, demand, and customer related cost components, in accordance with the NERSA COS framework. The costs align with revenue requirements and cost functionalization upon verification.

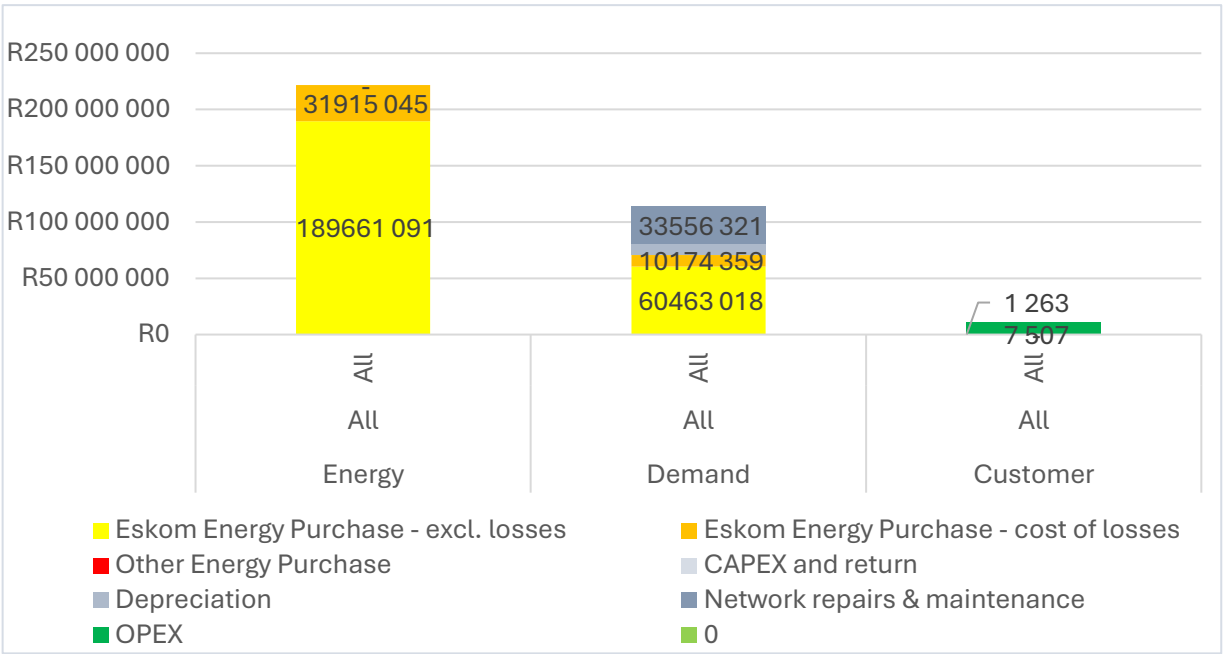


Figure 3*: Costs Breakdown by Cost Structure (Classification)*

4.5.3.2. Energy purchases constitute energy-driven costs, with the highest expenditure incurred during the summer period under the standard time-of-use structure, largely due to the longer duration of the summer season. Demand-driven costs are similarly concentrated in the summer period. Customer-driven costs are primarily associated with “Other OPEX,” which includes expenses related to the provision of electricity distribution services to customers.

4.5.4. Cost Allocation

4.5.4.1. In this step, the licensee’s revenue requirement is allocated across customer categories, in accordance with the NERSA COS framework. Upon verification, the allocation is found to be consistent with the stated revenue requirement and aligned with the principles of cost allocation.

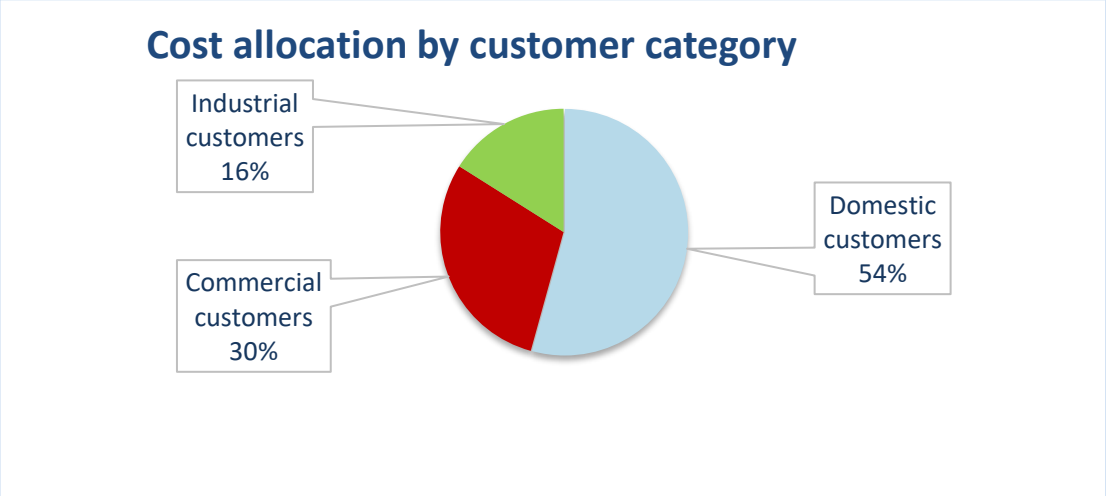


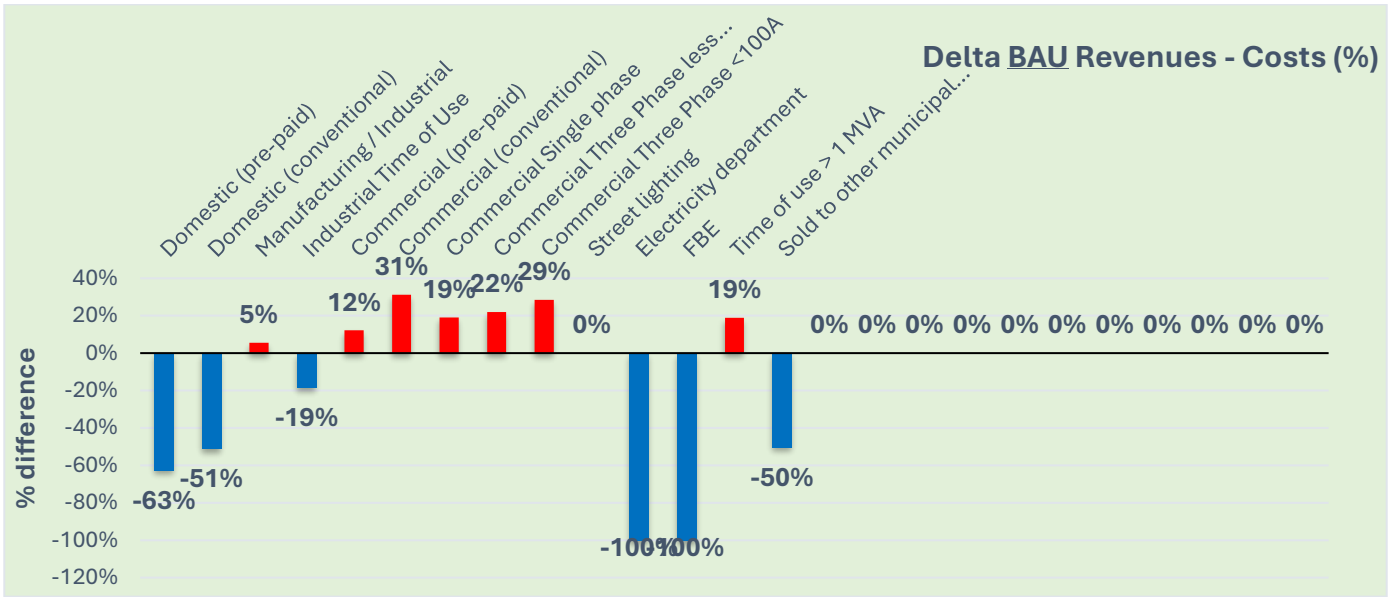
Figure 4: ***Costs Allocated***

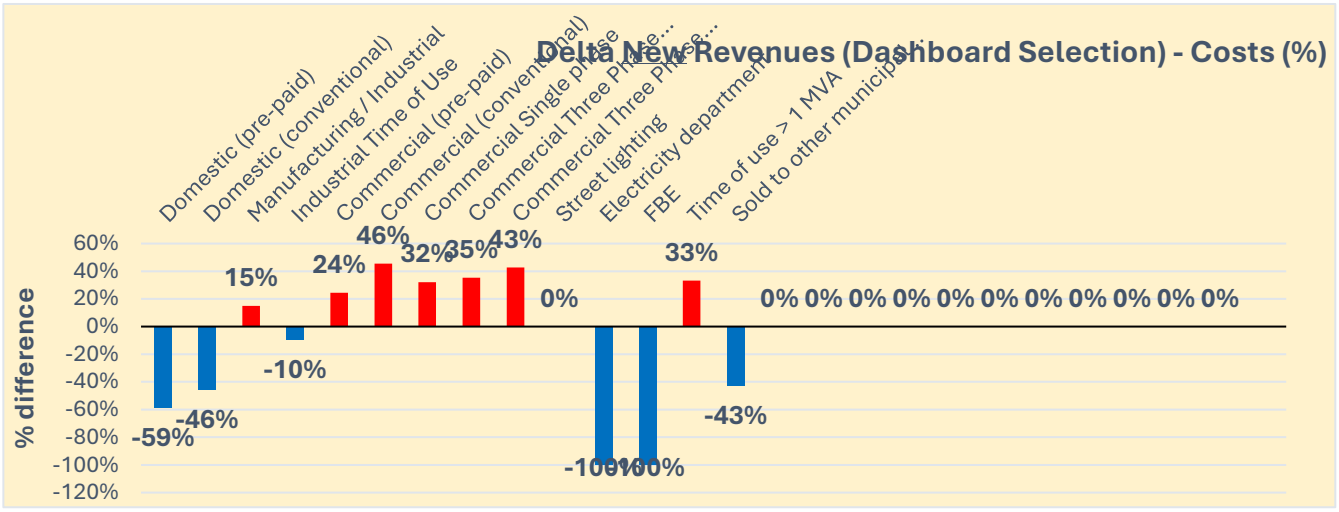
4.5.5. Rate Design

4.5.5.1. Table 4 below reflects the outcome of the COS study, indicating that Domestic, Other Municipal Departments, and industrial time of use customer categories require upward adjustments, while the rest including commercial customers warrant decrease. A comparison between the cost of supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Table 4 below.

4.5.5.2. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories mentioned in section 4.4.5.1. However, the municipality has adopted a less aggressive approach, opting instead for a proposed uniform tariff increase of 15% across all customer categories and adjusting the industrial time of use.

Table 4: Revenue Recovery by Customer Category





5. Conclusion on the COS

5.1. While the outcome of the COS study indicated an average tariff adjustment of a 16% to 100% on mainly domestic and Industrial time of use customer for a licensee to achieve full cost reflectivity, a municipality may elect to implement such adjustments on a phased basis, including applying an increase below the COS-derived level.

5.1.1. The Municipality should consider phasing in the required tariff increases over a multi-year period rather than implementing the full adjustments immediately. This assist help to:

5.1.1.1. Reduce the financial burden on households and businesses.

5.1.1.2. Allow customers time to adjust to higher tariffs.

5.1.1.3. Maintain revenue stability while gradually moving towards cost reflectivity.

5.2. In addition, the licensee may take into account its ability to meet financial obligations, including payments to Eskom, as well as the broader affordability constraints faced by customers, in determining the appropriate trajectory for tariff adjustments.

5.3. This approach is intended and will ensure safeguarding of the municipality's revenue base and support its financial sustainability, in line with applicable legislative requirements.

5.4. The COS study is based on forecast assumptions and, as such, does not guarantee that the projected outcomes will materialise. Accordingly, the licensee retains the discretion to review the results and determine its own revenue requirements to ensure financial sustainability. In this regard, the municipality will be required to submit a report accounting for all costs that remain unverified.

5.5. The COS study results indicate a required increase of 47,06% to reach cost reflectivity, as illustrated in Figure 4 below. A 47,07% cost reflectivity was resulting from the licensee wrongly billing industrial customers on time of use. In recovering cost reflectivity, the licensee introduced fixed charges to the industrial time of use in order to implement tariffs towards cost reflectivity as reflected in table 4.

5.6. The licensee applied for an increase of 15% for the 2026/27 financial year. The applied for increase of 15% was not based on the COS but based on the overall municipal revenue generating services. It is for this reason that the licensee is expected to implement the tariff increase of 11.01% as per the proposed average increase in rates in order to financial sustainable from its electricity revenue ringfenced account as per the COS.

Results BEFORE phasing			
	BAU	CTS (net of subsidies)	New rates (Dashboard selection)
Total revenue forecast (with new rates)	233 640 862	343 595 871	**259 354 040**
		Delta =	- 84 241 831
Average increase in rates	**11,01%**		
Average increase in rates to reach overall cost-reflectivity	47,06%		
Share of total cost recovered with the new rates (by the end of the transition period)	**75,48%**		
Share of total costs recovered (existing rates)	**68,00%**		

Figure 5: Rate Design

5.7. In its evaluation and assessment of the tariff applications, the following principles are applied:

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The whole decision is on NERSA's website: https://www.nersa.org.za/file/9257/VictorKhanyeLM2026_27.pdf

Commercial Tariffs

Commercial Single Phase 70A	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key findings
o Basic charge: (R/Month)	1478,76	15%	1700,57	1641,57	11,01%	
o Energy charge: (R/kWh)	3,23	15%	3,71	3,59	11,01%	
Fixed Daily Capacity Charge (Rand Per POD/Day)			168,00	168,00		Introduction of a fixed charge inline with Eskom RTP to reduce under recovery.

Commercial Conventional low	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key findings
o Basic charge: (R/Month)	6219,78	15%	7152,75	6904,58	11,01%	N/A
o Energy charge: (R/kWh)	2,05	15%	2,36	2,28	11,01%	N/A
o Demand Charge: (R/KVA)	382,82	15%	440,24	424,97	11,01%	N/A

Commercial Three Phase 100A	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key findings
o Basic charge: (R/Month)	2335,74	15%	2686,10	2592,90		N/A
o Energy charge: (R/kWh)	2,92	15%	3,36	3,24		N/A

Industrial	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key findings
o Basic charge: (R/Month)	11082,76	15%	12745,17	12302,97	11,01%	N/A
o Energy charge: (R/kWh)	2,12	15%	2,44	2,35	11,01%	N/A
o Demand Charge: (R/KVA)	431,84	15%	496,62	479,39	11,01%	N/A

Departmental	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key findings
Fixed Charge per month	0	0%	0,00	0	0,00%	
o Energy charge: (R/kWh)	2,92	15%	3,36	3,24	11,01%	N/A

Non- Standard Tariffs

Industrial Time of Use	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key findings
Basic Charge R/POD/Day - @ Contracted NMD						
</= 100KVA (R/KVA)			16,92	16,92		Introduction of a fixed charge inline with Eskom RTP to reduce under recovery.
101 - 500 KVA (R/KVA)			89,56	89,56		
501 - 1000KVA (R/KVA)			254,48	254,48		
Demand charge (R/KVA)			496,62	496,62		
Reactive Energy Charge(High Season)	40,46	15%	46,53	44,91	11,01%	N/A
Energy Demand charge	87,54	15%	100,67	97,18	11,01%	N/A
Network Capacity Charge @ contracted NMD	47,03	15%	54,08	52,21	11,01%	N/A
Distribution charge	23,05	15%	26,51	25,59	11,01%	N/A

Energy charges						
Low Season						
Peak: (R/kWh)	2,92	15%	3,36	3,24	11,01%	N/A
Standard: (R/kWh)	2,00	15%	2,30	2,22	11,01%	N/A
Off-peak: (R/kWh)	1,27	15%	1,46	1,41	11,01%	N/A
High Season						
Peak: (R/kWh)	5,18	15%	5,96	5,75	11,01%	N/A
Standard: (R/kWh)	2,43	15%	2,79	2,70	11,01%	N/A
Off-peak: (R/kWh)	1,32	15%	1,52	1,47	11,01%	N/A

Time of use > 1 MVA	**2025/26 Approved**	**Proposed % Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	***Analysis and Key findings***
Fixed charge	15 515,87	15%	17843,25	17224,17	11,01%	N/A
Energy charge	2,60	15%	2,99	2,89	11,01%	N/A
Maximum Demand charge	572,34	15%	658,19	635,35	11,01%	N/A
Network Capacity Charge @ contracted NMD			63,35	63,35		Introduction of a fixed charge inline with Eskom RTP to reduce under recovery.
Reactive Energy Charge (High Season)			46,53	46,53		

Commercial Three Phase 100A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key findings***
o Basic charge: (R/Month)	4402,09	15%	5062,40	4886,76	11,01%	N/A
o Energy charge: (R/kWh)	2,81	15%	3,23	3,12	11,01%	N/A
Fixed Daily Capacity Charge (Rand Per POD/Day)			168,67	168,67		Introduction of a fixed charge inline with Eskom RTP to reduce under recovery.

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. From a conspectus of the facts and evidence presented to the REC, it is appropriate to consider the review of Victor Khanye LM's tariff application for 2026/27 financial year.

End.