NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Applications for the 2026/27 Financial Year

By

Bela-Bela Local Municipality

THE DECISION

1. At its meeting held on 11 May 2026, the Regulator Executive Committee (REC) considered the Bela-Bela Tariff Application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year set out in Section 8 (Page 21) below.

2. Based on the available information and the analysis performed thus far, the Regulator Executive Committee decided to:

   2.1. approve the tariffs that are based on the Cost of Supply (COS) Study as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;

   2.2. note the COS study submitted by the municipality;

   2.3. that the municipality must submit a report accounting for all the costs that have been noted in its COS study to enable the National Energy Regulator of South Africa to perform its independent verification/audit process by 31 January 2027; and

   2.4. that the municipality must submit a quarterly smart efficiency plan with improvement measures identified in reducing high energy losses and submit by

30 September 2026.

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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
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 yearly, 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. Bela-Bela is situated in the Limpopo province. The municipality is made up mostly of domestic customers, which consume 50,36% of the total electricity sales. The municipality provides its 4 515 indigent customers with 50kWh of Free Basic Electricity (FBE) per month. The municipality further reports that it maintains an indigent register. The details regarding customer statistics are highlighted in Table 1 below.

Table 1: Customer Statistics (Data obtained from the latest D-forms – 2024/25)

Customer categories	MWh	% MWh	Customer numbers
Domestic (pre-paid)	286 761	45,13	11 239
Domestic (conventional)	33 253	5,23	177
Agriculture	16 922	2,66	30
Mining & quarrying		0,00	0
Manufacturing/Industrial	133 841	21,06	46
Commercial (pre-paid)	73 966	11,64	670
Commercial (conventional)	90 634	14,26	165
Street lighting		0,00	0
Total	**635 377**	**100**	**12 327**
Free Basic Electricity (FBE)	41 245	12,89	4 515

1.3. The municipality's formal tariff application, accompanied by a revised comprehensive Cost of Supply (COS) study, was received on 30 March 2026. The municipality's primary objective for submitting the revised COS was to ensure that the projected expenditure and revenue requirements were based on the most recent and accurate financial data and the latest economic parameters.

1.4. Bela-Bela implemented a 11,32% average price increase in 2025/26 FY and is applying for an average price increase of 10,81% for the 2026/27 FY.

1.5. NERSA followed the notice and comment consultation process. Bela-Bela's tariff application was 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.

1.6. NERSA's decision was made on 6 May 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 No. 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 Price Determination and Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) ("MFMA").

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 the 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 licences and may issue licences 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 authorises the Energy Regulator to impose licence 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 licences 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 the 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 recognises 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, recognising 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 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 2026/27 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Bela-Bela, 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 dependable for the tariff analysis.

Surplus

3.2. Bela-Bela's electricity business operating deficit improved significantly from a deficit of 18,33% to a deficit of 5,60%.

3.3. The improvement comes from improvements in billing accuracy, aligning prices with what it actually costs to provide the service, and doing a better job of covering network maintenance costs

Energy losses

3.4. The licensee achieved a reduction in energy losses, decreasing the rate from 25,25% in FY 2023/24 to 19,45% in FY 2024/25.

The causes of the energy losses identified in the report

3.5. The energy losses report indicated that losses are caused by several challenges ranging from theft, faulty meters, estimating the customers' readings, unbilled conventional meters, incorrect programming of meters, faulty primary plant equipment in installations, wrong classification of customers, incorrect wiring of installations, unmetered municipal buildings as well as streetlights and lack of maintenance of metering units.

Proposed interventions to reduce the losses

3.6. Remove all conventional meters and replace with split metering;
3.7. Perform an audit on all business customers to identify those who are not paying capacity charges;
3.8. Auditing low-consumption customers must be intensified;
3.9. Correct business customers as per tariff book and charge correctly; and
3.10. Downgrade all indigents' households to 30A as required.

Table 2: Performance indicators

PERFORMANCE INDICATOR: OBTAINED FROM D-FORMS		
indicators	***2024/25 FY (Actuals)***	***2023/24 FY (Approved)***
Surplus/Deficit (%)	-5,60	-18,33
Energy Losses (%)	19,54	25,25

3.11. Based on the above information provided by the D-forms, the reasons for the financial position of Bela-Bela's electricity division are both technically and financially improving as indicated by the indicator trajectory displayed by the indicators. The licensee must continue with billing system data cleansing.

4. DETERMINATION OF BELA-BELA'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

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

4.2. Bela-Bela utilised 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 fairly and equitably. The study follows the NERSA COS framework and uses 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.

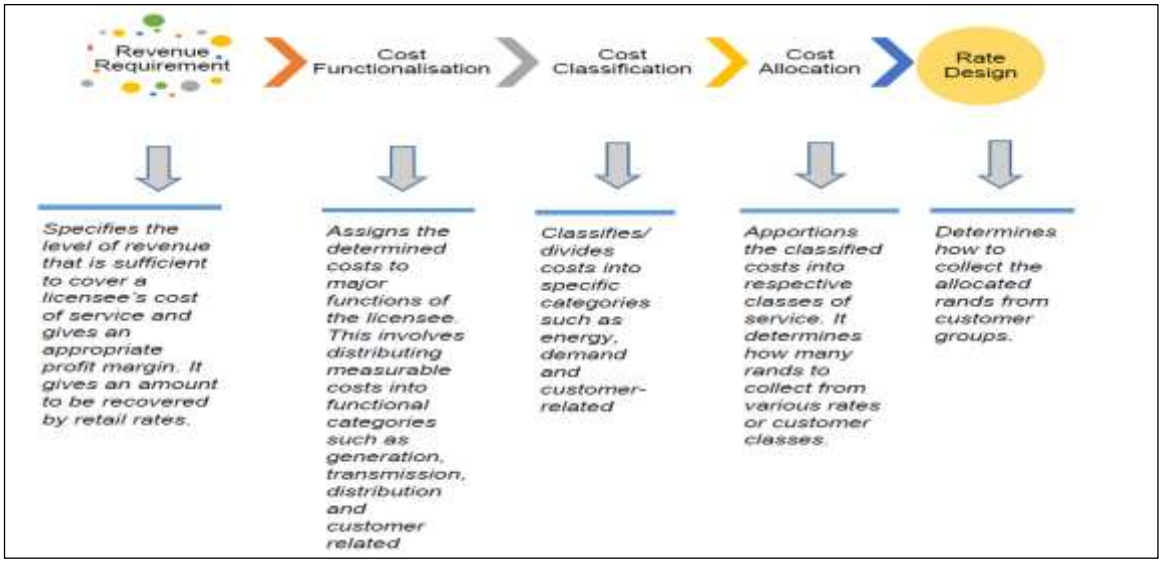


Figure 1: Five steps of COS

4.5. The following steps are undertaken to analyse the COS study:

4.5.1. **Revenue Requirement**

4.5.1.1. The methodology used for Bela-Bela is the cost-plus methodology. This approach does not have an audited Regulatory Asset Base (RAB) that meets the requirements for a Rate of Return (RoR) determination. The COS Framework explicitly allows municipalities to determine allowable revenue using prudently incurred costs plus a reasonable surplus. Accordingly, no return on assets was calculated, and no weighted average cost of capital (WACC) was applied.

4.5.1.2. Aligned to the NERSA COS Framework, costs were built up from verified bulk purchases (Eskom invoices) and verified electricity-related operating costs (tested against D-Forms, Trial Balance and Audited AFS),

- asset value – R61 812 million (AFS);
- depreciation – R2 911 million (AFS); and
- deficit margin – -R10 360

4.5.1.3. To be fully cost reflective, the licensee's revenue requirement is R242 126 million for the 2026/27 financial year. This revenue requirement is predominantly Eskom purchases, accounting for 81%, including allowable technical energy losses allowance. Operational expenditure accounts for 19%.

Table 3*:* Revenue Requirement Components

Revenue Requirement components	Total cost (R) Wires	Retail	Total	% of Total
Allowable costs	107 014 855	181 839 942	242 126 355	100%
Energy purchases from Eskom - net of cost of losses	-	173 105 313	173 105 313	71%
Energy purchases from Eskom - cost of losses	20 257 133	5 560 197	25 817 330	11%
Operational expenditure (incl. Depreciation)	41 511 043	5 217 399	46 728 442	19%
Depreciation	*3 013 239*	-		
Network repairs & maintenance	*35 976 580*	-		
Salaries and wages	*2 521 224*	*5 217 399*		
Other revenues	**-377 698**	**-7 260 366**	**-7 638 064**	**-3%**
Margin	4 113 334	-	4 113 334	2%
Not allowable costs	7 816 689	8 405 084	16 221 773	
Cost of losses disallowed	7 816 689	8 405 084	16 221 773	
TOTAL COSTS	**114 831 544**	**190 245 026**	**258 348 128**	

4.5.1.4. The efficiency of costs for the 2024/25 financial year has been assessed, as this constitutes the most recent set of audited 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.

4.5.1.5. All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the licensee's electricity function. In accordance with the Electricity Regulation Act, any costs found to be unsubstantiated or improperly incurred were adjusted. No such issues were identified in the case of Bela-Bela.

Bulk purchases

4.5.1.6. Bela-Bela Municipality applied for bulk purchase expenditure amounting to R173,105 million, representing 76% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year.

4.5.1.7. To derive the 2026/27 bulk purchase estimate, the 2025/26 COS amount was escalated by 9,01%, consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.5.1.8. The methodology applied by Bela-Bela in forecasting bulk purchase costs is deemed reasonable given the fact that the SEA tool used by the municipality automatically limits energy losses to 12%. As a result, the amount of R16,222 million was also excluded (because of the FY 2026/27 budget for 20% energy losses), as it represents a controllable cost that should be managed efficiently.

4.5.1.9. Therefore, the bulk purchase expenditure has been recommended for approval as submitted.

Operational Expenditure

4.5.1.10. Bela-Bela has applied for operational expenditure totalling R46 728 million, representing 18% of overall costs, as reflected in Table 3 above.

4.5.1.11. The approach adopted by Bela-Bela in forecasting operational expenditure is considered reasonable, and the amount is recommended for approval as requested, since there are no inefficient cost components – such as NMD exceedance penalties and interest incurred on Eskom-related debt that have been identified, as these items fall within the control of the municipality.

Surplus

4.5.1.12. Bela-Bela has requested a surplus of R4 113 million. In recommending a surplus, NERSA relied on section 15(1)(a)(a) of the Electricity Regulation Act, which provides that tariffs must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return. In applying this provision, together with the COS methodology, NERSA is required to ensure that the licensee recovers efficiently and prudently incurred costs, including a reasonable return, while preventing excessive compensation.

4.5.1.13. The energy losses capping scenario was performed to assess the impact of the energy losses on the municipality's profitability as demonstrated on Table 4.

Table 4: Sensitivity Test

	D-Form Input	Energy Loss@9%	Energy Loss@6%
Average Selling Price c/kWh	198.47		
Sales kWh	63 537 724.55	63 537 724.55	63 537 724.55
Purchases kWh	78 971 335.38	69 256 119.76	67 349 988.02
Losses kWh	15 433 610.83	5 718 395.21	3 812 263.47
Losses percentage	19.54%	9.00%	6.00%
Additional Energy (kWh)		9 715 215.62	1 906 131.74
Additional Revenue (Rands)		19 281 788.44	3 783 099.66
	D-Form Input	**Energy Loss@ 9%**	**Energy Loss@ 6%**
Total Revenue (Rands)	174 498 278.99	193 780 067.43	197 563 167.09
Total Expenses (Rands)	184 858 275.66	165 576 248.47	165 576 248.47
Net Profit (Loss)	-10 359 996.67	28 203 818.96	31 986 918.62
Percentage Surplus/Deficit	**-5.94%**	**14.55%**	**16.19%**

4.5.1.14. Achieving a 9% energy loss target would have increased the municipality R19.282 million in bulk purchase costs and generated a surplus of R28.203 million. To capture these benefits, Council has resolved to progressively improve profitability and address high energy losses, initially applying a surplus of R4.113 million for the current period.

4.5.1.15. The decision to approve the revenue requirement as submitted will be applied in the subsequent stages, namely Cost Functionalisation, 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. The licensee has categorised its revenue requirement of R242 126 million into two primary functional components, namely the **wires business (25%)** and the **retail business (75%)**, 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.

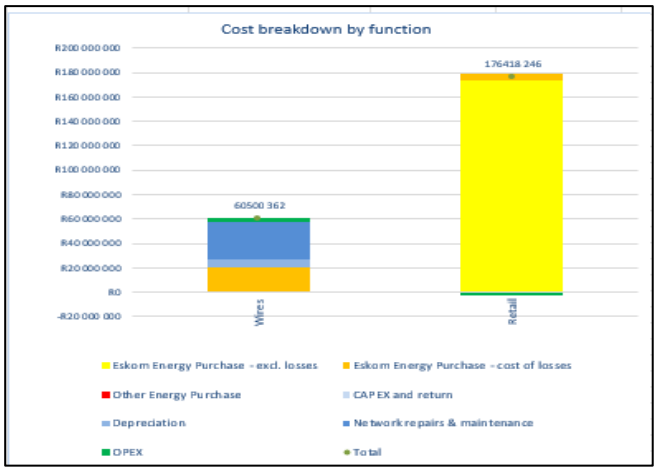


Figure 2*:* Cost breakdown by functions

4.5.2.2. These costs, upon verification, are consistent with the approved revenue requirements. Operational expenditure is the predominant cost driver in the wires business, while energy purchases are the primary cost driver in the retail business.

4.5.3. Cost Classification

4.5.3.1. The licensee has 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 functionalisation upon verification.

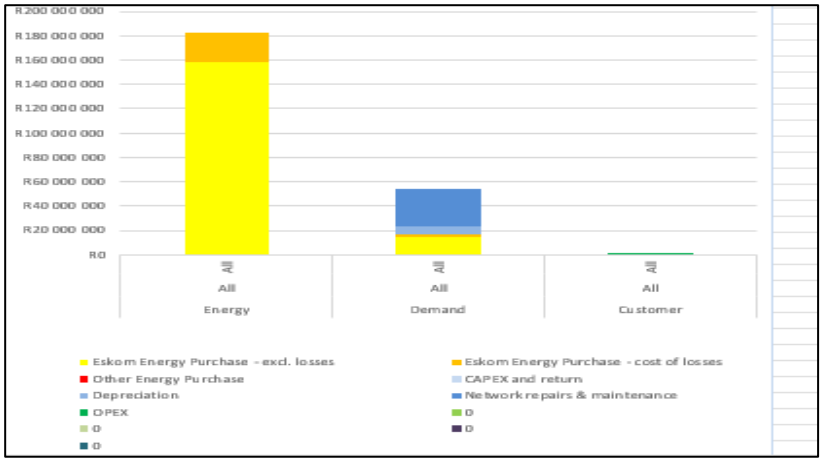


Figure 3*:* Cost breakdown by cost structure (Classification)

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, 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.

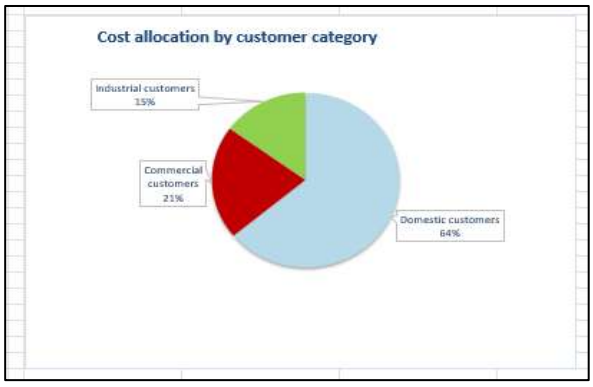


Figure 4: Costs Allocated

4.5.5. Rate Design

4.5.5.1. Figure 5 below reflects the outcome of the COS study, indicating that certain customer categories require upward adjustments, while others warrant decreases. 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 Figure 5 below.

4.5.5.2. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories. However, the municipality has adopted a less aggressive approach, opting instead for a uniform tariff increase of 10,50% across all customer categories.

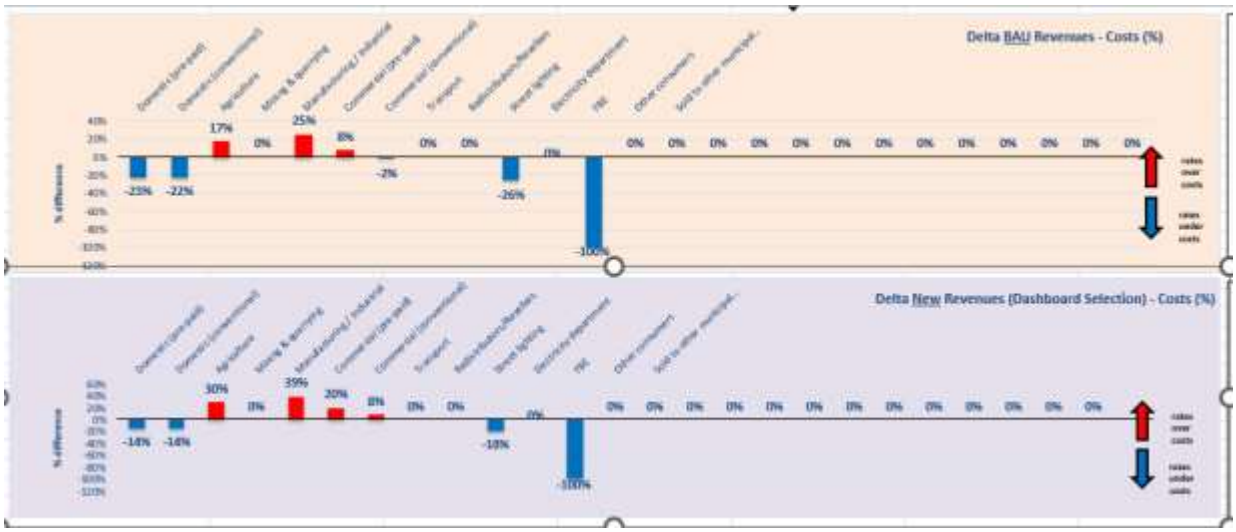


Figure 5*:* Revenue recovery by customer category

5. CONCLUSION ON THE COS

5.1. While the outcome of the COS study may indicate an average tariff adjustment of a certain percentage for a licensee to achieve full cost reflectivity, a municipality elects to implement such adjustments by applying an across-the-board increase of 10,50% in line with the results of the COS.

5.2. This approach was informed by considerations, including the need to maintain tariff sustainability to support ongoing demand for electricity services. Excessive tariff increases may adversely affect consumption levels, thereby impacting revenue stability.

5.3. In addition, the licensee considered 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.

5.4. This approach is intended to safeguard the municipality's revenue base and support its financial sustainability, in line with applicable legislative requirements.

5.5. 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.

5.6. The COS study results indicate a required increase of 16,7%, as illustrated in Figure 6 below. The municipality's application is aligned to the results of the COS.

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This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9200/BelabelaMunicipality_ReasonsforDecisionontariffapplicationproc

General Tariffs: Government and Business	Approved 2025/26	2026/27 Proposed increase	Proposed 2026/27	2026/27 Recommended Tariff	2026/27 Recommended %	Analysis and key findings
Energy charge (c/kWh)	402,85	11,80%	450,39	450,39	11,80%	This 11.80% increase in proposed rates is below the results of Cos results; however, the rates are at a level that improves the utility's financial health so it can continue providing a dependable power supply to customers.

General Tariff Conventional/Prepaid > 30 Amp 1 phase	Approved 2025/26	2026/27 Proposed increase	Proposed 2026/27	2026/27 Recommended Tariff	2026/27 Recommended %	Analysis and key findings
Basic charge (R/month):	114,23	11,80%	127,71	127,71	11,80%	The proposed increase is the mitigating strategy that the municipality adopted, and it is supported and recommended as the strategy is aligned with the Regulator's mandate of balancing affordability and licensee ability to deliver service.
Capacity charge	31,34	11,81%	35,04	35,04	11,81%	
Energy charge (c/kWh)	271,34	11,80%	303,36	303,36	11,80%	

General Tariff Conventional/Prepaid Single Phase	Approved 2025/26	2026/27 Proposed increase	Proposed 2026/27	2026/27 Recommended Tariff	2026/27 Recommended %	Analysis and key findings
Basic charge (R/month):	114,23	11,80%	127,71	127,71	11,80%	This proposed 11.80% increase is below the COS results; however, they are at a level that improves the utility's financial health so it can continue providing a dependable power supply to customers.
Capacity charge	31,34	11,80%	35,04	35,04	11,80%	
Energy charge (c/kWh)	271,34	11,80%	303,36	303,36	11,80%	

General Tariff Conventional/Prepaid three Phase	Approved 2025/26	2026/27 Proposed increase	Proposed 2026/27	2026/27 Recommended Tariff	2026/27 Recommended %	Analysis and key findings
Basic charge (R/month):	171,36	11,80%	191,58	191,58	11,80%	The proposed increase is a mitigating strategy that the municipality adopted, and it is supported and recommended as the strategy is aligned with the Regulator's mandate of balancing affordability and licensee ability to deliver service.
Capacity charge	31,35	11,77%	35,05	35,04	11,77%	
Energy charge (c/kWh)	255,46	11,80%	285,60	285,60	11,80%	

Industrial Tariff						
Low Voltage	Approved 2025/26	2026/27 Proposed increase	Proposed 2026/27	2026/27 Recommended Tariff	2026/27 Recommended %	Analysis and key findings
Basic Charge (R/month):	2647,97	11,80%	2960,43	2960,43	11,80%	The proposed increase is a mitigating strategy that the

Energy charge (c/kWh)	284,10	11,80%	317,62	317,62	11,80%	municipality adopted, and it is supported and recommended as the strategy is aligned with the Regulator's mandate of balancing affordability and licensee ability to deliver service.
Demand charge (R/kVA):	233,71	10,26%	257,68	257,68	10,26%	

Medium Voltage	**Approved 2025/26**	**2026/27 Proposed increase**	**Proposed 2026/27**	**2026/27 Recommended Tariff**	**2026/27 Recommended %**	**Analysis and key findings**
Basic Charge (R/month):	6 273,93	11,80%	7 014,00	7014,00	11,80%	The proposed increase serves as a mitigation strategy adopted by the municipality. It is supported and recommended for approval as it aligns with the Regulator's mandate to balance consumer affordability with the licensee's ability to deliver reliable service.
Energy charge (c/kWh)	326,68	11,80%	365,23	365,23	11,80%	
Demand charge (R/kVA):	230,48	11,80%	257,68	257,68	11,80%	

Agricultural Low (2000kWh)	**Approved 2025/26**	**2026/27 Proposed increase**	**Proposed 2026/27**	**2026/27 Recommended Tariff**	**2026/27 Recommended %**	**Analysis and key findings**
Basic charge (R/month):	342,71	11,80%	383,15	383,15	11,80%	The municipality has adopted the proposed increase as a mitigating measure. This strategy is recommended for endorsement, as it adheres to the Regulator's mandate of ensuring both fiscal sustainability for the licensee and affordability for the public are balanced.
Capacity charge	31,33	11,81%	35,03	35,03	11,81%	
Energy charge (c/kWh)	271,35	11,80%	303,37	303,37	11,80%	

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered the Bela-Bela application, supporting information, and applicable legal framework, approves the tariff adjustments as set out in this Reasons for Decision document.

End.