NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Ramotshere Moiloa Local Municipality

THE DECISION

At its meeting held on 8 May 2026, the Regulator Executive Committee (REC) considered the Ramotshere Moiloa Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year, as set out in section 6 of this document.

Based on the available information and the analysis performed, the REC decided:

a) to approve the tariffs that are based on the cost drivers, as recommended in the tariff analysis section, for implementation by the licensee with effect from 1 April 2026;
b) to note the cost drivers submitted by the licensee;
c) that the licensee must submit a report accounting for all the costs noted in its cost of supply study to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification or audit process by 31 January 2027; and
d) that the licensee must submit quarterly progress reports on the efficiency improvement measures taken to reduce high energy losses and deficits to enable NERSA to monitor the implementation thereof by 30 September 2026.

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ABBREVIATIONS AND ACRONYMS

COS	Cost of Supply
D-form	Distribution form
ERTSA	Eskom Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IPP	Independent Power Producer
RMLM	Ramotshere Moiloa 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 Ramotshere Moiloa Local Municipality (RMLM) is located in the North West. The licensee has 32 957 customers, which 39.27% attributed to manufacturing customers and 38,23% to domestic customers. The licensee applied for an increase of 11.7% in the 2025/26 financial year and is proposing an increase of 9.01% for the 2026/27 financial year.

1.3. The municipality provides its indigent customers with 50 kWh 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 1 below.

Table 1: Customer statistics (data obtained from the latest D-forms – 2024/25FY)

Customer categories	***MWh***	***% MWh***	***Customer numbers***
Domestic(Prepaid)	11 808	35,28%	25 351
Domestic(Conventional)	988	2,95%	236
Manufacturing	13 144	39,27%	2297
Commercial	5 937	17,74%	4 601
Street Lighting	12	0,04%	N/A
Sold to other departments	220	0,66%	N/A
Other consumers	1 359	4,06%	472
TOTAL	**33 468**	**100,00%**	**32 957**
FBE	**366**	**2,86%**	**618**

1.4. NERSA received RMLM's tariff application and its cost of supply (COS) study on 31 March 2026.

1.5. In considering the application, NERSA followed the notice and comment consultation process. RMLM's tariff application was published on the NERSA website and social media platforms, as well as in national and local newspapers, on 31 March 2026 to solicit written comments from affected parties.

1.6. The Energy Regulator's decision was made on 8 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 ('the 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 the 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).

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 2026/27 municipal financial year.

2.2. NERSA's Statutory Mandate

2.2.1. NERSA is established as a juristic person in terms of section 3 of 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. Therefore, NERSA's electricity regulatory mandate is 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:

a) section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions;
b) section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs; and
c) 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 NERSA 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:

a) must enable an efficient licensee to recover the full cost of the licensed activity;
b) must allow for a reasonable return commensurate with the risk of the licensed activity;
c) may provide incentives for continued improvement of technical and economic efficiency;
d) must avoid undue discrimination between customer categories;
e) may permit cross-subsidies of tariffs to certain classes of customers; and
f) 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 that guide the determination of electricity tariffs in the South African electricity supply industry.

2.4. **Administrative Law Requirements**

2.4.1. The approval of municipal electricity tariffs constitutes an administrative action as defined in section 1 of 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. Therefore, public participation processes conducted by the Energy Regulator 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 accurately reflect the efficient cost of providing electricity services, and that the average tariff level 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 COS methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3. Policy Position 23 requires electricity distributors to undertake COS 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 NERSA.

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 2025/26 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 seeking to vary the timelines set by the Court on 4 December 2025, in light of the practical difficulties arising in relation 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:

a) Written notice of bulk tariffs must be communicated by 6 March 2026.
b) Municipal tariff applications must be submitted by 31 March 2026.
c) Public participation processes must be concluded by 21 April 2026.
d) NERSA decisions must be published by 11 May 2026.

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

a) Written notice of bulk electricity tariffs must be communicated by 31 January each year.
b) Municipal tariff applications must be submitted to NERSA by 20 March each year.
c) Municipal tariffs and the tariff reasons for decision documents must be approved and published by 5 May of each year.

2.9. **Conclusion**

2.9.1. The determination of municipal electricity tariffs by NERSA 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 stated in this reasons for decision document demonstrate how NERSA 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, NERSA relied on the information provided in the 2024/25 Distribution forms (D-forms) submitted by the licensee. The D-forms' information was validated by NERSA against the relevant source documents submitted by the municipality (i.e. the trial balance/audited annual financial statement [AFS]). Hence, the information provided in the D-forms is considered reasonable for the analysis of the tariffs.

Table 2: Performance indicators

Performance Indicators	**2024/25 FY**	**2023/24 FY**
Percentage surplus/(Deficit): **(%)**	-13.91	-28.79
Energy Losses: (**%)**	26.58	26.14

Percentage Surplus

3.2. The deficit improved from 28.79% in the 2023/24 financial year (FY) to 13.91% in 2024/25FY. RMLM attributes this improvement to a 15% reduction in total expenditure. The municipality also indicated that it owes Eskom, is under the National Treasury debt review programme and has a payment arrangement with Eskom. The municipal collection rate is 71%.

Energy Losses

3.3. RMLM's energy losses increased from 26.14% in the 2023/24FY to 26.58% in 2024/25FY. The municipality cited Illegal connections, households bypassing meters or connecting directly to the grid, draining municipal revenue, overloading networks, meter tampering, bridged meters and ghost voucher usage undermining prepaid systems and cable theft. The licensee

highlighted that copper cables are stolen for resale, causing outages and repair costs.

3.4. The municipality's remedial action includes the following:

- Completing the rollout of 6 700 smart meters to households through support from the National Treasury's RT29 contract.
- Using smart meters to provide real-time usage data, detect tampering and regularise non-paying households.
- Enforcing penalties on non-paying households.
- Developing a smart meter policy/bylaw to be enforced immediately.

Table 3: Assessment of energy losses and revenue impact – 2024/25FY

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	226,058		
Sales kWh	33 468 747,20	40 116 189,29	42 851 384,02
Purchases kWh	45 586 578,74	45 586 578,74	45 586 578,74
Losses kWh	12 117 831,54	5 470 389,45	2 735 194,72
Losses percentage	**26,58%**	**12,00%**	**6,00%**
Additional Energy (kWh)		6 647 442,09	9 382 636,82
Additional Revenue (Rands)		15 027 058,87	21 210 178,86
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Total Revenue (Rands)	R 101 982 714,34	R 117 009 773,21	R 123 192 893,20
Total Expenses (Rands)	R 116 169 653,11	R 116 169 653,11	R 116 169 653,11
Net Profit (Loss)	R -14 186 938,77	R 840 120,10	R 7 023 240,09
Percentage Surplus/Deficit	**-13,91%**	**0,72%**	**5,70%**

3.5. Based on the 2024/25 D-forms, electricity sales amounted to 33,468,747.20 kWh from purchases of 45 586 578.74 kWh, resulting in losses of 12 117 831.54 kWh (26.58%). At the reported average selling price of 226.058 c/kWh, the electricity undertaking generates total revenue of R101 982 714.34 against total expenses of R116 169 653.11, resulting in a deficit of R14 186 938.77, equivalent to 13.91% of revenue.

3.6. A sensitivity analysis indicates that reducing energy losses to the NERSA benchmark of 12% would increase electricity sales by 6,647,442.09 kWh, generating additional revenue of R15 027 058.87. Total revenue would increase to R117 009 773.21, resulting in a modest surplus of R840 120.10 (0.72%), assuming operating costs remain unchanged.

3.7. Furthermore, if energy losses were reduced to 6%, electricity sales would increase by 9 382 636.82 kWh, generating additional revenue of R21 210 178.86. Under this scenario, total revenue would increase to R123 192 893.20, resulting in a surplus of R7 023 240.09, representing 5.70% of revenue.

3.8. The analysis demonstrates that the reported financial deficit is primarily attributable to excessive technical and non-technical energy losses rather than an inadequate tariff. The municipality has significant potential to improve its financial position through the implementation of effective loss reduction initiatives.

4. DETERMINATION OF RMLM'S TARIFFS BASED ON THE EXISTING COS STUDY

4.1. The licensee submitted its existing COS study, supporting the tariff application for the 2026/27 financial year. The licensee's COS study included all requirements of NERSA's approved COS Framework (i.e. revenue requirement, cost functionalisation, cost classification, cost allocation and rate setting).

4.2. The revenue requirement for RMLM was determined using a cost-plus methodology in accordance with the NERSA COS Framework. Aligned with 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).

4.3. Section 18.7 of the October 2023 NERSA COS Framework states:

An adjustment index will be issued to licensees to allow them to submit the tariff applications, which will be used to determine the costs that must increase with CPI, purchase costs, and other OPEX. Where annual plans, such as repairs and maintenance, and CAPEX plans, have been assessed and approved by NERSA, these can be adjusted based on that.

4.4. In line with section 18.7 mentioned above, Table 4 below was developed, and the definition of the columns is as follows:

i. Column 1 is the actual 2024/25 licensee performance and is sourced from the D-forms that are based on the audited annual statements.
ii. Column 2 is for the 2025/26 revenues and electricity volume that are the base for 2026/27 tariffs. The figures were tested for reasonableness (since at the time of the approval, the figures were estimates) when NERSA considered and approved the 2026/27 COS base tariffs. Once the financial year ends, the actual figures will be verified using the audited statements.
iii. Column 3 is for the licensee's submitted 2026/27 budgeted figures to be tested for reasonableness for determining tariffs for the control

period under review.

iv. Column 4 is for NERSA's recommended adjustments after considering the reasons, facts and evidence the licensee provided to motivate/justify the budgeted figures.

v. Column 5 is for NERSA's recommended amounts that sum up to the allowable revenues the licensee must recover in 2026/27FY.

4.5. The licensee applied for a total allowable revenue of R144 863 678 for 2026/27FY. Following the prudency and efficiency assessment, the revenue requirement was reduced by R4 505 224, resulting in an approved allowable revenue of R140 358 454, as shown in Table 4 below.

Table 4: Revenue requirement components

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	33 467 962	34 172 477	34 595 941	-	34 595 941
Eskom bulk purchases	kWh	45 586 579	48 071 903	48 667 609	-	48 667 609
Total Energy Requirements	**kWh**	**45 586 579**	**48 071 903**	**48 667 609**		**48 667 609**
Total Losses	kWh	12 118 617	13 899 426	14 071 667		14 071 667
Technical losses	kWh	5 470 389	5 768 628	5 840 113	-	5 840 113
Non-technical losses	kWh	-6 648 227	-8 130 798	-8 231 554	-	-8 231 554
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**		**12,00%**
Total Energy losses	%	26,58%	28,91%	28,91%		28,91%
Cost drivers						
Energy purchases from Eskom	Rand	98 642 252	111 189 546	121 207 724	-	121 207 724
total energy purchases		**98 642 252**	**111 189 546**	**121 207 724**	**-**	**121 207 724**
Non-Technical Losses						
Operational expenditure (incl. Depreciation)	**Rand**	**13 100 741**	**13 911 723**	**19 637 142**	**(4 644 561)**	**14 992 581**
General & Other	Rand	12 718 964	13 355 903	19 031 298	(4 644 561)	14 386 737
Salaries, wages and allowances (exclu. Repairs and Mainter	Rand	9 911 420	10 407 982	11 232 461	-	11 232 461
FBE paid to Eskom	Rand	-	-	4 644 561	(4 644 561)	-
Current year depreciation	Rand	2 807 544	2 947 921	3 154 276	-	3 154 276
Shared OPEX	Rand	381 777	555 820	605 844	-	605 844
Charges from other Municipal Departments	Rand	381 777	555 820	605 844	-	605 844
General expenses	**Rand**	**0**	**0**	**0**	**-**	**0**
Total Expediture before surplus	Rand	**111 742 993**	**125 101 269**	**140 844 866**	**-**	**136 200 305**
Surplus	Rand	3 352 290	3 753 038	4 225 346	(139 336,84)	4 086 009
Total Expenditure Including Surplus	Rand	115 095 283	128 854 307	145 070 212	-	140 286 314
Other revenues	Rand	**-192 432**	**-198 590**	**-206 533**	**-**	**-206 533**
Reconnection fees	Rand	12 686	13 092	13 616	-	13 616
New connections	Rand	179 746	185 498	192 918	-	192 918
Total Allowable Revenus	**Rand**	**114 902 851**	**128 655 718**	**144 863 678**	**(4 505 224)**	**140 358 454**
increase required				*12,60%*	*9,10%*	

4.6. Figures were verified using Eskom invoices and verified electricity-related operating costs (tested against 2024/25 D-forms, trial balance and audited AFS). Only prudently incurred and efficiently verified costs, supplemented by a reasonable surplus margin, are recommended for approval. This forms the basis on which costs for the 2026/27 financial year will be projected using assumptions to calculate revenue requirements.

4.7. Furthermore, NERSA has verified all expense items included in the revenue requirements to ensure that they relate only to the electricity function of the licensee. In instances where expenses are deemed inflated or unjustified, these have been adjusted accordingly.

Bulk Purchases

4.8. For the 2026/27 financial year, the licensee applied for bulk purchase costs of R121 207 724, representing 86% of total costs, inclusive of a 12% energy loss allowance. The bulk purchase costs used as a base were verified against actual Eskom invoices for the 2024/25 financial year.

4.9. To get to the 2026/27 estimate, the licensee provided the year-to-date figures for 2025/26, then estimated that this cost item would increase by 9,01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

Operating Expenditure (Including Depreciation)

4.10. The licensee seeks an operational expenditure of R19 637 142 for the 2026/27 financial year, including depreciation, which accounts for 12% of total costs. Following the prudency and efficiency assessment, the Opex was reduced by R4 644 561, resulting in an approved allowable revenue of R14 992 581, as shown in Table 5 below.

Table 5: Opex

Cost drivers	Units	2024/25FY Actuals	2025/26FY Budgeted	2026/27FY Applied	NERSA Adjustments	2026/27FY Recommended
General costs and other	**R**	**12 718 964**	**13 355 903**	**14 386 737**	**(4 644 561)**	**14 386 737**
Salaries and allowances	R	9 911 420	10 407 982	11 232 461	-	11 232 461
Current year depreciation	R	2 807 544	2 947 921	3 154 276		3 154 276
Shared OPEX	**R**	**381 777**	**555 820**	**5 250 405**		**605 844**
Charges from other Municipal Departments	R	381 777	555 820	605 844		605 844
FBE paid to Eskom	R			4 644 561	(4 644 561)	-
Total Opex	**R**	**13 100 741**	**13 911 723**	**19 637 142**	**(4 644 561)**	**14 992 581**

4.11. NERSA notes that the remaining operational expenditure is reasonable and necessary for the efficient operation of the electricity distribution business.

Surplus

4.12. The licensee applied for a surplus of R4 225 346, representing approximately 3.0% of total expenditure before surplus. Following the disallowance of R4 644 561 relating to FBE paid to Eskom and a surplus of R139 336,84, the allowable surplus was reduced to R4 086 009, which remains within a reasonable range to support the financial sustainability of the electricity distribution business.

4.13. The approved surplus of R4 086 009 provides a prudent financial buffer to support the electricity business's financial sustainability. This is particularly important given the municipality's high total energy losses of 28.91% and the electricity business's persistent operating deficit. The combination of high energy losses and the deficit exposes the licensee to revenue leakage, cash flow constraints and increased financial risk.

4.14. Accordingly, the approved surplus provides a measure of financial resilience to absorb unforeseen expenditure and support operational continuity. However, the surplus should not be relied upon to offset ongoing operational inefficiencies. The municipality is expected to implement effective measures to reduce technical and non-technical losses, improve revenue collection and restore the financial sustainability of the electricity business.

4.15. Furthermore, the municipality remains vulnerable to risks associated with escalating bulk electricity purchase costs, revenue collection challenges and ageing infrastructure. Given the relatively modest surplus approved, continued efforts to reduce energy losses, improve revenue management and strengthen financial controls will be critical to ensuring the long-term sustainability of the electricity distribution business.

Conclusion on Costs to Serve

4.16. NERSA assessed the COS study in accordance with the approved COS Methodology and determined that the costs proposed by the licensee were generally reflective of the cost of providing electricity services. The assessment confirmed that bulk electricity purchases remain the primary cost driver, accounting for approximately 86% of the total allowable revenue requirement.

4.17. The cost to serve recommends an average tariff increase of 12.60% before taking out the inefficiencies and 9,10% after excluding all inefficiencies.

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Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
2. Domestic Conventional and Outside Borders						The increase will result in a proportional rise in electricity expenditure across all households, with low-consumption households (Block 1) experiencing the lowest increase, continuing to benefit from subsidised tariff levels and higher-consumption households (Blocks 3 and 4) facing higher absolute cost increases and continuing to carry a larger share of the tariff burden.
Block 1 (0- 50kWh)	193,43	9,01%	210,86	210,86	9,01%	
Block 2 (51-350kWh)	250,88	9,01%	273,48	273,48	9,01%	
Block 3 (351-600kWh)	338,49	9,31%	369,99	369,99	9,31%	
Block 4 Block 4 (>600)	375,33	9,01%	409,15	409,15	9,01%	
Basic Charge R/month	320,17	9,01%	349,02	349,02	9,01%	

Commercial Customers

Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
COMMERCIAL						The 9.01% increase is fully cost-reflective, ensuring fair and direct pass-through of Eskom bulk costs and maintenance of tariff integrity without over-recovery. The increase places moderate pressure on business cash flows, particularly for small and medium enterprises (SMEs). However, since the increase aligns with bulk cost, it is considered reasonable and cost-justified.
3. Commercial Prepaid						
Energy Charge: c/kWh	405,76	9,01%	442,32	442,32	9,01%	
Basic Charge: R/month	318,10	9,01%	346,76	346,76	9,01%	

Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
4. Commercial Conventional						The proposed 9.01% increase in commercial conventional tariffs, aligned with the Eskom bulk purchase cost increase of 9.01%, represents a fully cost-reflective adjustment, with no margin differential between bulk costs and end-user tariffs. However, since the increase aligns with bulk cost, it is considered reasonable and cost-justified.
Basic Charge: R/month	320,76	9,01%	349,66	349,66	9,01%	
Energy Charge: c/kWh	377,13	9,01%	411,11	411,11	9,01%	

Industrial Customers

Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
INDUSTRIAL						The proposed 9.01% increase in commercial conventional tariffs, aligned with the Eskom bulk purchase cost increase of 9.01%, represents a fully cost-reflective adjustment, with no margin differential between bulk costs and end-user tariffs. The impact on government operations is moderate and primarily budgetary in nature, with a limited effect on demand or payment behaviour.
5. Government Low Tension						
Demand Charge: R/kVA	439,58	9,01%	479,18	479,18	9,01%	
Energy Charge: c/kWh	193,38	9,01%	210,80	210,80	9,01%	
Basic Charge: R/month	294,88	9,01%	321,45	321,45	9,01%	

Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
6. Agriculture						The tariff adjustment will result in a proportional increase in electricity costs for agricultural users. Agricultural customers are likely to absorb the increase within production costs and maintain existing operations, given the moderate nature of the increase. Some farmers may implement incremental energy-efficiency measures and optimise electricity usage during off-peak periods.
Energy Charge: c/kWh	224,75	9,01%	245,00	245,00	9,01%	
Basic Charge: R/month	871,39	9,01%	949,91	949,91	9,01%	

Tariff Name	2025/26 Approved Tariffs	2026/27FY %Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
7. Government						Government tariffs are relatively cheaper than domestic and most commercial tariffs, but more expensive than industrial tariffs. Their positioning is consistent with regulatory principles, balancing cost recovery with the need to support essential public services.
Energy Charge: c/kWh	227,96	9,01%	248,50	248,50	9,01%	
Basic Charge: R/month	476,74	9,01%	519,69	519,69	9,01%	

Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
8. Agriculture Low Tension						The tariff adjustment will result in a proportional increase in electricity costs for agricultural users. Agricultural customers are likely to absorb the increase within production costs and maintain existing operations, given the moderate nature of the increase. Some farmers may implement incremental energy-efficiency measures and optimise electricity usage during off-peak periods.
Demand Charge: R/kVA	452,91	9,01%	493,71	493,71	9,01%	
Energy Charge: c/kWh	193,38	9,01%	210,80	210,80	9,01%	
Basic Charge: R/month	320,97	9,01%	349,89	349,89	9,01%	

Tariff Name	2025/26 Approved Tariffs	2026/27FY % Increase	2026/27FY Proposed Tariffs	2026/27FY Recommended Tariffs	2026/27FY Recommended % Increase	Analysis and Key Findings
9. Industrial Low Tension						The 9.01% tariff increase for industrial low-tension customers ensures full recovery of Eskom's bulk electricity costs while maintaining a stable tariff structure. The impact on industrial operations is moderate and manageable, with limited effect on demand or payment behaviour. Industrial customers will experience a moderate increase in production and operating costs.
Energy Charge: c/kWh	168,74	9,01%	183,94	183,94	9,01%	
Demand Charge: R/kVA	439,59	9,01%	479,20	479,20	9,01%	
Basic Charge: R/month	280,36	9,01%	305,62	305,62	9,01%	

7. CONFIDENTIALITY

7.1. None.

8. CONCLUSION

8.1. From a conspectus of the facts and evidence presented to the REC, supporting information, stakeholder inputs and applicable legal framework, it is appropriate to consider and approve RMLM's tariff application for the 2026/27 financial year, as set out in this reasons for decision document.

End.