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

Cederberg Local Municipality

THE DECISION

1. At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered Cederberg's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year (FY) set out in
2. Table 1 below.

Table 1: Summary of the REC Decision

Tariff Category	2026/27 Approved % Increase
1. Domestic - Prepaid Indigent 20 Amp	9.01%
2. Domestic - 20 Amp 1-Phase (Prepaid)	9.01%
3. Domestic - Prepaid: 1-Phase >20 Amp 1-Phase; All 3-Phase	9.01%
4. Domestic - Conventional 1-Phase	9.01%
5. Domestic - Conventional 3-Phase	9.01%
6. Commercial - Business Consumer Conventional 1-Phase	9.01%
7. Commercial - Business Consumer Conventional 3-Phase	9.01%
8. Commercial - Business Consumer Prepaid (20 Amp) 1-Phase	9.01%

9. Commercial - Business Consumer Prepaid 1/3 Phase (>20 Amp)	9.01%
10. Agricultural Tariff Low Voltage Farmers	9.01%
11. Time of Use - MV	9.01%
12. Time of Use - LV	9.01%
13. Schools and Old Age Homes only	9.01%
14. Schools and hostels, crèches and registered churches	9.01%
15. Sport clubs, fields and buildings, golf clubs	9.01%
16. Municipal supplies	9.01%
17. Streetlights	9.01%
18. Temporary user	9.01%
19. Availability fee	9.01%
20. SSEG - Buy Back Rate: All TOU Customers	0.00%

3. Based on the information submitted and the analysis conducted, the REC decided:

a) to approve the tariffs that are based on the cost of supply (COS) supply, as recommended in the tariff analysis section, for implementation by the municipality with effect from 1 July 2026;
b) to note COS Report submitted by the municipality; and
c) that the municipality must submit a report accounting for all the costs that identified in its COS study to enable the National Energy Regulator of South Africa to perform its independent verification or audit process by 31 January 2027.

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ABBREVIATIONS

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
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. Cederberg is situated in the Western Cape. The municipality is made up mostly of commercial customers, who account for 51.40% of total electricity sales. The municipality provides its 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 2 below.

Table 2: Customer statistics (data obtained from the latest D-forms – 2024/25

Customer categories	MWh	% MWh	Customer numbers
Domestic Prepaid	20 300	39.86	9 511
Domestic Conventional	2 503	4.92	419
Agriculture	35	0.07	7
Commercial Prepaid	1 364	2.68	282
Commercial Conventional	24 809	48.72	449
Streetlights	503	0.99	o
Sold to other departments	1 408	2.77	48
TOTAL	**50 922**	**100**	**10 716**
[1]FBE	1 316	[2]5.77	2 678

1.3. NERSA received Cederberg's tariff application together with its Cost of Supply (COS) study on 31 March 2026.

1.4. Cederberg implemented a 12.74% average price increase in the 2025/26FY and is applying for an average price increase of 9.01% for the 2026/27FY.

1.5. For this application, the municipality has indicated that the tariff application has been approved by Council. The Council meeting at which this application was approved took place on 31 March 2026, and the Council resolution has been submitted to NERSA. Proof of customer consultation was also submitted on 31 March 2026.

[1] This information is already included in the customer statistics table above under domestic prepaid/conventional category

[2] Percentage of Domestic MWh

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

1.7. NERSA's decision was made on 6 May 2026, considering the written comments received from the affected stakeholders and the analysis it performed.

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 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 2026/27 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:

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 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:

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 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 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 therefore 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 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 2025/26 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 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

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; and
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 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 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 Cederberg, 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. Table 3 below indicates that Cederberg's electricity business recorded an increase in percentage surplus from 11.34% in the 2023/24FY to 15.96% in the 2024/25FY.

3.3. The energy losses declined from 8.69% in the 2023/24 financial year to 5.77% in the 2024/25FY as highlighted in Table 3 below. The municipality is encouraged to keep energy losses at low levels.

Table 3: Performance indicators

Performance indicators	***Municipality 2024/25 D-forms Information***	***Municipality 2023/24 D-forms Information***
Percentage surplus: (%)	15.96	11.34[3]
Energy Losses: (%)	5.77	8.69

3.4. Based on the above information, the licensee's electricity department demonstrates satisfactory financial and operational performance, as evidenced by the recorded surplus and relatively low energy losses. The surplus indicates prudent financial management and cost recovery, while the low level of energy losses suggests effective network maintenance and operational efficiency. Collectively, these factors point to a stable and sustainable electricity service function.

[3] Total Electricity Purchases divided by Total Expenditure

4. DETERMINATION OF CEDERBERG'S TARIFFS BASED ON THE COST OF SUPPLY ADJUSTED DATA

4.1. The municipality submitted its existing COS study, which supports the tariffs application, which will be approved in the 2026/27 financial year. The municipality's cost of supply study was inclusive of all requirements of NERSA's approved COS framework (i.e. Revenue Requirement, Costs Functionalisation, Costs Classification, Costs Allocation and Rate Setting).

4.2. Policy position 23 states that:

> *Electricity distributors shall undertake COS studies at least every five years, but at least when significant licensee structure changes occur, such as in customer base, relationships between cost components and sales volumes. This must be done according to the approved NERSA standard to reflect changing costs and customer behaviour. The cost-of-service methodology used to derive tariffs must accompany applications to the regulator for changes to tariff structures.*

4.3. Section 18.7 of the October 2023 NERSA-approved Cost of Supply Framework states that:

> *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, **Error! Reference source not found.** below was developed, and the definition of the columns is as follows:

a) Column 1 is the actual 2024/25FY licensee performance and is sourced from the D-forms that are based on the audited annual statements.
b) Column 2 is for the 2025/26FY revenues and electricity volume that are the base for 2026/27FY tariffs. The figures were tested for reasonableness (since at the time of approval, the figures were estimates) when the Regulator considered and approved the 2026/27FY COS base tariffs. Once the financial year ends, the actual figures will be verified using the audited statements.
c) Column 3 is for the licensee's submitted 2026/27FY budgeted figures to be tested for reasonableness for determining tariffs for the control period under review.
d) Column 4 is for NERSA's recommended adjustments after considering the reasons, facts and evidence the licensee provided to motivate or justify the budgeted figures.
e) Column 5 is for NERSA's recommended amounts that sum up to allowable revenues that the licensee must recover in 2026/27FY.

4.5. The total allowable revenue of R193 million is for the 2025/26FY tariff review and is based on the COS revenue and the volumes used to determine the tariffs that were approved by the Energy Regulator, as shown in Table 4 below.

4.6. The COS study is applicable for five years; however, municipalities need to reflect the adjustments on their cost drivers for the 2026/27FY. NERSA used the budgeted figures submitted by the licensee to check the reasonableness as well as the licensee's current operational requirement to ensure that municipalities do not over- or under-recover during the 2026/27FY tariff review process.

4.7. To determine an increase applicable for the 2026/27FY, the licensee submitted its 2026/27FY cost (budgeted cost plus surplus) as requested by NERSA, and total budgeted required revenue that amounted to R222 million for the 2026/27FY tariff review process.

Table 4: Municipality's revenue requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee
Sales	kWh	50 922 990	50 922 990	51 397 983
Eskom bulk purchases	kWh	54 039 207	54 039 207	59 816 239
Total Energy Requirements	**kWh**	**54 039 207**	**54 039 207**	**59 816 239**
Total Losses	kWh	3 116 217	3 116 217	8 418 256
Technical losses	kWh	3 116 217	3 116 217	7 177 949
Non-technical losses	kWh	0	0	-1 240 307
Allowed losses	%	**5,77%**	**5,77%**	**12,00%**
Total Energy losses	%	5,77%	5,77%	12,00%
Cost drivers				
Energy purchases from Eskom	Rand	124 217 401	141 209 000	161 484 000
total energy purchases		**124 217 401**	**141 209 000**	**161 484 000**
Capital expenditure	Rand	6 531 810	7 450 000	1 500 000
Operational expenditure (incl. Depreciati	**Rand**	**21 383 004**	**23 898 485**	**24 816 687**
General & Other	0	18 325 361	20 072 718	22 221 602
Salaries and allowances	Rand	10 457 652	11 243 718	13 297 851
Materials and supplies	Rand	1 382 332	2 175 000	2 074 751
Contracted Services	Rand	1 298 129	1 175 000	1 475 000
Payments to consultants (operational work)	Rand	775 172	800 000	806 000
Current year depreciation	Rand	4 412 076	4 679 000	4 568 000
Shared OPEX	Rand	3 057 643	3 825 767	2 595 085
Bad debts (Allowance for Impairment)	Rand	-302 734	-37 000	-1 214 000
Charges from other Municipal Departments	Rand	1 013 685	1 137 000	1 356 000
General expenses		**2 346 692**	**2 725 767**	**2 453 085**
1.Commission Expense	Rand	1 378 522	1 409 400	1 460 000
2. Fleet Costs	Rand	631 919	850 000	552 300
3.Other Expenses	Rand	336 251	466 367	440 785
Total Expediture before surplus		145 600 405	165 107 485	186 300 687
Surplus	Rand	32 335 827	34 126 247	41 532 803
Total Expenditure Including Surplus		177 936 232	199 233 732	227 833 490
Other revenues	Rand	**-4 692 515**	**-5 757 366**	**-5 598 745**
Reconnection fees	Rand	3 306	7 000	7 000
New connections	Rand	350 162	372 000	114 000
Free Basic Electricity (Equitable share)	Rand	2 363 471	3 308 000	3 524 000
1.Interest earned	Rand	1 826 864	1 925 000	1 803 000
2. Other Revenue - Illegal Connections	Rand	148 713	145 366	150 745
Total Allowable Revenus	**Rand**	**173 243 717**	**193 476 366**	**222 234 745**
increase required				***14,86%***

4.8. It is important to test the efficiency and prudency of the costs in the 2025/26 financial year since this is the most recently considered revenue in support of the approved tariffs during this period. This forms the basis on which costs for the 2026/27 financial year will be projected using assumptions to calculate revenue requirements for that year.

4.9. Furthermore, NERSA has verified all expense items included in the revenue requirement 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

4.10. The licensee applied for a bulk purchase expenditure of R161 million, which accounts for 73% of total costs, inclusive of the 12.00% energy loss allowance in line with the act that requires only the prudently and efficiently incurred cost to be passed through to customers.

4.11. To get to the 2026/27FY estimate, the licensee projected the year-to-date amount for 2025/26FY since complete financial year data is unavailable, then made an estimate that this cost item would increase by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.12. The Eskom bills were analysed, and there are no NMD exceedance penalties charged. Furthermore, the municipality did not include Eskom's interest charge on the outstanding account.

Operating Expenditure (including depreciation)

4.13. The licensee applied for operational expenditure, including depreciation of R24 million, as highlighted in **Error! Reference source not found.**4 above.

4.14. The municipality adjusted the expenditure linked to the 2025/26FY tariffs, increasing it from R23 million to a budgeted amount of R24 million, reflecting a 3.8% increase in costs.

4.15. Depreciation amounted to R4 412 076 million in the 2024/25FY. The projected depreciation for 2025/26FY is R4 679 000 million, increasing to R4 568 000 million in the 2026/27FY budget, reflecting a decline of approximately 2%.

Surplus

4.16. The municipality applied a cost-plus methodology, and not a rate of return (ROR) approach. Accordingly, no Regulatory Asset Base (RAB) was required or utilised in determining the revenue requirement. Under the cost-plus methodology, the allowable revenue is derived as follows:

a) Efficient and prudent operating expenditure (OPEX)
b) Plus, depreciation (as a proxy for asset consumption and future replacement)
c) Plus, a reasonable surplus margin.

4.17. The licensee applied for a surplus of R41 million, which is based on an 18% return on OPEX, including bulk purchases.

4.18. To ensure that the surplus is not excessive or detrimental to consumers, verification was undertaken by benchmarking the applied surplus margin of 18% against the established target range of 10–20%, in line with the approved NERSA Cost of Supply framework, EPP Policy Position 1.

4.19. The return proposed by the municipality is considered reasonable, as it falls within the established target range of 10–20%.

4.20. NERSA is satisfied that the return applied for by the licensee is reasonable to keep the licensee sustainable, though it falls within the 10-20% target range as determined in the COS Methodology. Thus, it is NERSA's decision to allow the revenue requirement as applied for.

4.21. Therefore, the applied surplus margin is considered modest and commensurate with these risks, particularly in the context of a municipal distributor that is not profit-maximising but must remain financially viable. Thus, it is NERSA's decision to allow the revenue requirement as applied for.

4.22. 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 details on these stages are provided below.

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4. Domestic - Conventional 1Phase	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge (c/kWh)	328.62	358.23	9.01%	358.23	9.01%	The COS findings show that domestic conventional customers are over-recovering by approximately 7%. The proposed tariff is aligned with bulk supply cost pressures. Therefore, the proposed tariff is considered fair and reasonable.
Basic charge (R/month)	626.96	683.45	9.01%	683.45	9.01%	

5. Domestic - Conventional 3Phase	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge (c/kWh)	328.62	358.23	9.01%	358.23	9.01%	The COS findings indicate that domestic conventional customers are over-recovering by approximately 7%. The proposed tariff is driven by bulk supply cost pressures. Accordingly, the proposed tariff is considered fair and reasonable.
Basic charge (R/month)	938.74	1 023.32	9.01%	1 023.32	9.01%	

6. Commercial - Business Consumer Conventional 1Phase	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge (c/kWh)	361.96	394.57	9.01%	394.57	9.01%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 15%. The proposed tariff is driven by bulk supply cost pressures. Accordingly, the proposed tariff is considered fair and reasonable.
Basic charge: R/month	1 124.13	1 225.42	9.01%	1 225.42	9.01%	

7. Commercial - Business Consumer Conventional 3Phase	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
	c/kWh					
Energy charge (c/kWh)	361.96	394.57	9.01%	394.57	9.01%	The COS findings show that commercial conventional customers are over-recovering by approximately 15%. The proposed tariff is aligned with bulk supply cost pressures. Therefore, the proposed tariff is considered fair and reasonable.
Basic charge: R/month	1 194.29	1 301.90	9.01%	1 301.90	9.01%	

8. Commercial - Business Consumer Prepaid (20 Amp) 1Phase	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Energy charge (c/kWh)	437.68	477.11	9.01%	477.11	9.01%	The COS findings indicate that commercial prepaid customers are revenue neutral. The proposed energy charge is driven by bulk supply cost pressures. Accordingly, the proposed tariff is considered fair and reasonable.

9. Commercial - Business Consumer Prepaid 1/3 Phase (>20 Amp)	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Energy charge (c/kWh)	373.04	406.65	9.01%	406.65	9.01%	The COS findings indicate that commercial prepaid customers are operating at a revenue-neutral position. The proposed tariff is driven by the municipality's need to recover Eskom bulk supply costs. Accordingly, the proposed tariff is considered fair and reasonable.
Basic charge (R/month)	101.35	110.48	9.01%	110.48	9.01%	
AMP charge (R/Amp/phase/month)	7.61	8.30	9.01%	8.30	9.01%	

10. Agricultural Tariff Low Voltage Farmers	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge (c/kWh)	381.32	415.68	9.01%	415.68	9.01%	The COS findings indicate that agricultural customers are over-recovering by approximately 8%. The proposed tariff is driven by the municipality's need to recover Eskom bulk supply costs. Accordingly, the proposed tariff is considered fair and reasonable.
Basic charge (R/month)	1 255.81	1 368.96	9.01%	1 368.96	9.01%	

11. Time of Use - MV	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Basic charge (R/month)	6 250.44	6 813.61	9.01%	6 813.61	9.01%	The COS analysis indicates that industrial customers are revenue neutral. The proposed tariff is driven by the municipality's need to recover Eskom bulk supply costs. Accordingly, the proposed tariff is considered fair and reasonable.
Access charge (R/kVA/month)	121.30	132.23	9.01%	132.23	9.01%	
Demand charge (R/kVA/month)	141.37	154.11	9.01%	154.11	9.01%	
Energy charge - TOU (c/kWh)						
High Demand (June to August):						
Peak	726.18	791.61	9.01%	791.61	9.01%	
Standard	276.41	301.32	9.01%	301.32	9.01%	
Off-peak	174.18	189.87	9.01%	189.87	9.01%	
Reactive Energy charge (c/kVArh)	0.1843	0.2009	9.01%	0.2009	9.01%	
Low Demand (September to May)						
Peak	292.90	319.29	9.01%	319.29	9.01%	
Standard	220.84	240.74	9.01%	240.74	9.01%	
Off-peak	158.17	172.42	9.01%	172.42	9.01%	
Reactive Energy charge (c/kVArh)	0.1843	0.2009	9.01%	0.2009	9.01%	

12. Time of Use - LV	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Basic charge (R/month)	3 906.52	4 258.50	9.01%	4 258.50	9.01%	The COS analysis indicates that industrial customers are revenue neutral. The proposed tariff is driven by the municipality's need to recover Eskom bulk supply costs. Accordingly, the proposed tariff is considered fair and reasonable.
Access charge (R/kVA/month)	133.41	145.43	9.01%	145.43	9.01%	
Demand charge (R/kVA/month)	179.40	195.57	9.01%	195.57	9.01%	
Energy charge - TOU (c/kWh)						
High Demand (June to August):						
Peak	791.09	862.36	9.01%	862.36	9.01%	
Standard	284.69	310.35	9.01%	310.35	9.01%	
Off-peak	162.93	177.61	9.01%	177.61	9.01%	
Reactive Energy charge (c/kVArh)	0.1836	0.2002	9.01%	0.2002	9.01%	
Low Demand (September to May)						
Peak	301.68	328.86	9.01%	328.86	9.01%	
Standard	227.46	247.95	9.01%	247.95	9.01%	
Off-peak	158.67	172.97	9.01%	172.97	9.01%	
Reactive Energy charge (c/kVArh)	0.1836	0.2002	9.01%	0.2002	9.01%	

13. Schools and Old Age Homes only (excluding higher education institutions)	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Basic charge (R/month)	1 953.22	2 129.21	9.01%	2 129.21	9.01%	The proposed tariff reflects a 9.01% and remains aligned with prevailing bulk supply cost pressures. The proposed increase is considered reasonable.
Access charge (R/kVA/month)	66.71	72.71	9.01%	72.71	9.01%	
Demand charge (R/kVA/month)	89.70	97.78	9.01%	97.78	9.01%	
Reactive Energy charge (c/kVArh)	0.1836	0.2002	9.01%	0.2002	9.01%	

14. Schools and hostels, crèche and registered churches	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Energy charge (c/kWh)	293.13	319.54	9.01%	319.54	9.01%	The proposed tariff is increasing by 9.01% appears to be aligned with underlying cost pressures. Overall, the proposed adjustment is considered reasonable
Basic charge (R/month)	1 837.64	2 003.21	9.01%	2 003.21	9.01%	

						and consistent with broader tariff increases and can therefore be supported for approval.

15. Sport clubs, fields and buildings, golf clubs	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge (c/kWh)	293.13	319.54	9.01%	319.54	9.01%	The proposed tariff reflects a 9.01% and is aligned with prevailing bulk supply cost pressures. The proposed increase is considered reasonable.
Basic charge (R/month)	539.81	588.45	9.01%	588.45	9.01%	

16. Municipal Supplies	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge (c/kWh)	367.95	401.10	9.01%	401.10	9.01%	The COS analysis indicates that electricity supplied to other municipal departments is under-recovering by 100%, reflecting a significant misalignment between costs and current tariffs. While the proposed increase does not fully eliminate this shortfall, it constitutes a necessary and deliberate step toward restoring cost reflectivity. The phased approach recognises internal budget constraints and avoids abrupt tariff adjustments that could disrupt municipal operations. Accordingly, the proposed tariff is considered fair, reasonable, and justified as part of a structured path toward full cost recovery.

17. Streetlights	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Energy charge (c/kWh)	225.31	245.62	9.01%	245.62	9.01%	The COS analysis indicates that the streetlighting tariff category is under-recovering by 39%. While the proposed increase does not fully address this shortfall, it represents a gradual step toward improved cost reflectivity without imposing significant tariff shocks. Accordingly, the proposed tariff is considered fair and reasonable.

18. Temporary Users	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Energy charge (c/kWh)	546.07	595.27	9.01%	595.27	9.01%	The COS analysis indicates that other customers are revenue neutral. The proposed tariff is driven by the municipality's need to recover Eskom bulk supply costs. Accordingly, the proposed tariff is considered fair and reasonable.

19. Availability Fee	*2025/26 Approved*	*2026/27 Proposed*	*Proposed % increase*	*2026/27 Recommended*	*Recommended % increase*	*Analysis and Key Findings*
Basic charge (R/month)	418.35	456.05	9.01%	456.05	9.01%	The proposed tariff reflects a 9.01% and is aligned with prevailing bulk supply cost pressures. The proposed increase is considered reasonable.

20. SSEG - Buy Back Rate: All TOU Customers	***2025/26 Approved***	***2026/27 Proposed***	***Proposed % increase***	***2026/27 Recommended***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge - TOU (c/kWh)						The SSEG tariff supports energy security, promotes renewable energy uptake, and enables more efficient use of the municipal network within Cape Agulhas Municipality. The proposed Export Energy Charges remain unchanged from 2025/26FY, providing pricing stability and avoiding tariff shocks while remaining aligned with cost-reflective principles. It balances customer incentives with municipal financial sustainability and supports the controlled integration of embedded generation. Accordingly, the tariff is considered appropriate and is recommended for approval.
High Demand (June to August):						
Peak	(556.12)	(556.12)	0%	(556.12)	0%	
Standard	(168.44)	(168.44)	0%	(168.44)	0%	
Off-peak	(105.31)	(105.31)	0%	(105.31)	0%	
Low Demand (September to May)						
Peak	(181.46)	(181.46)	0%	(181.46)	0%	
Standard	(124.82)	(124.82)	0%	(124.82)	0%	
Off-peak	(79.29)	(79.29)	0%	(79.29)	0%	

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. The Energy Regulator, having considered Cederberg's application, supporting information, stakeholder inputs and applicable legal framework, approves the tariff adjustments as set out in this reasons for decision document.

End.