NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Applications for the 2026/27 Financial Year

By

Nala Local Municipality

THE DECISION

At its meeting held on 9 May 2026, the Regulator Executive Committee (REC) considered Nala Local Municipality (Nala LM)'s tariff application. Based on the facts and evidence presented, REC approved the tariff increases for the 2026/27 financial year (FY) set out in
below.

Table 1: Summary of the REC decision

Tariff Category	2026/27 approved % Increase
Residential Conventional	9.02%
Residential & Commercial Prepaid	9.02%
Departmental Consumption	9.02%
Commercial Conventional single phase	9.02%
Commercial Conventional three phase	9.02%
Commercial Prepaid single / three phase	9.02%
Industrial > 100kVA	9.02%
Industrial Conventional three phase	9.02%
Farms	9.02%

Streetlights	9.02%

Based on the information submitted and the analysis conducted, the REC decided at its meeting on 9 May 2026, that:

a) The tariffs that are based on the COS Report are approved as recommended in the tariff analysis section for implementation by the Municipality with effect from 1 July 2026.
b) The Cost of Supply Report submitted by the Municipality be noted.
c) The Municipality is required to submit a report accounting for all the costs that have been noted in its COS study, to enable the Regulator to perform its independent verification/audit process by 2026/27 financial year submitting by 31 January 2027; and
d) The licensee is required to submit a quarterly smart efficiency plan with improvement measures identified in reducing high energy losses and submit it by 30 September 2026.

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The whole decision is on NERSA's website: https://www.nersa.org.za/file/9253/NalaLM2026_27RFD.pdf

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ABBREVIATIONS

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

1. Introduction

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

1.2. Nala Local Municipality (Nala LM) is in the Free State Province and constitutes mostly domestic customers who account for 95% of its electricity sales of 52 148 210 kWh. The Municipality has a population of 90 561 with agriculture as its main socio-economic sector. Its electricity division is composed of 6 150 customers and almost all of them are indigents and receiving 50kWh.

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

Customer categories	**2024/25**			
	kWh	***% kWh***	***Customer numbers***	
Domestic(Prepaid)	23 182 070	44%	5 260	
Domestic(Conventional)	3 297 963	6%	568	
Agriculture	276 822	1%	3	
Manufacturing	18 027 953	35%	50	
Commercial (Conventional)	5 309 270	10%	226	
Sold to other departments	2 054 132	4%	43	
TOTAL	**52 148 210**	**100%**	**6 150**	
Free Basic Electricity	2 516 300	11%	5 260	

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

1.4. Nala LM implemented a 13.6% average price increase in 2025/26 FY and is applying for an average price increase of 11.01% for the 2026/27 FY.

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

1.6. For this application, the Municipality has indicated that its council met and the customers were consulted.

1.7. NERSA followed the notice and comment consultation process. Nala LM'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.

1.8. NERSA's decision was made on 11 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 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 in order to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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

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

2.2. Statutory Mandate of the Energy Regulator

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

2.2.2. In particular, the Energy Regulator exercises this authority through the following powers conferred by ERA:

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.
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 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 the NERSA's compliance with the Court order. The court having heard NERSA's application, granted the

variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. **Court-Directed Timelines**

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

a) written notice of bulk tariffs by 6 March 2026;
b) municipal tariff applications to be submitted by 31 March 2026;
c) public participation processes to be concluded by 21 April 2026
d) 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:

a) written notice of bulk electricity tariffs be communicated by 31 January each year;
b) municipal tariff applications be submitted to NERSA by 20 March each year;
c) municipal tariff approvals and the tariff reasons for decision document, be approved and published by 5 May of each year.

2.9. **Conclusion**

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

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

3. Financial and technical performance

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

3.2. Nala LM's electricity business operated at a deficit margin of -67,71% during the 2024/25 financial year, compared to -75,23% in the 2023/24 financial year. The financial performance has worsened, that operating expenses are 1.8 times the revenue and the continued deficits are mainly attributable to the following factors:

3.2.1. **Eskom Interest Charges**

Interest charged by Eskom amounted to approximately R39,3 million, placing additional financial pressure on the Municipality's electricity operations.

3.2.2. **High Energy Losses**

Energy losses remain significantly high at 30,69%, negatively affecting revenue generation and operational efficiency.

3.2.3. **Poor Revenue Collection**

The Municipality recorded a low electricity revenue collection rate of only 45%, resulting in severe cash flow constraints.

3.2.3. Cross-Subsidisation of Other Services

Revenue generated from electricity services is being utilised to fund other municipal services, thereby undermining the financial sustainability of the electricity business.

3.3. The municipality currently owes Eskom in excess of R1,2 billion and is participating in a debt relief programme. Eskom has further issued threats of possible power interruptions within the municipal area due to the outstanding debt.

Table 3: Performance indicators

Performance Indicators: Botained from the D-FORM		
Indicators	**2023/24**	**2024/25**
Percentage surplus(Deficit)	-67,71%	-75,23%
Percentage Energy Losses	29,34	30,69

3.4. Nala LM's energy losses increased further from 29.34% in the 2023/24 financial year to 30.69% in the 2024/25 financial year. The total foregone revenue attributable to energy losses amounted to R57 million in 2024/25 as indicated from the table below.

Table 4: Energy Losses Analysis

Revenue loss on Energy losses	2023/24
Purchases kWh	75 235 599
Sales kWh	52 148 210
Total Energy losses @ 30,69% (kWh)	23 087 389
Average Selling Price (ASP) (Rands)	2,46
Lost Revenue on Total losses (Rands)	**56 898 436**

3.5. Based on the above analysis, Nala LM's electricity business is in a critical financial position and remains financially unsustainable. The Municipality continues to experience severe operational and financial challenges, including high energy losses, poor revenue collection levels, escalating Eskom interest charges, and the

diversion of electricity revenue to support other municipal services.

3.6. Although there was a marginal improvement in the deficit position from the previous financial year, the electricity business is still operating at a substantial loss, which threatens the Municipality's ability to maintain reliable electricity services and meet its financial obligations to Eskom.

3.7. The outstanding Eskom debt of more than R1,2 billion, coupled with the Municipality's participation in a debt relief programme and the risk of possible power interruptions, further indicates significant financial distress and governance concerns within the electricity function.

4. Determination Of Nala LM's Tariffs Based On the Cost of Supply Adjusted Data

4.2. 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).

4.3. 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*".

4.4. Section 18.7 of 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.*"

4.5. In line with section 18.7 mentioned above, Table 5 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 the Regulator considered and approved the 2026/27 cost of supply 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 FY 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 the NERSA's recommended amounts that sum up to allowable revenues the Licensee must recover in 2026/27 financial year.

4.6. The total allowable revenue of R187,7 million is for the 2025/26 financial tariff review and is based on the cost of supply revenue and the volumes used to determine the tariffs that were approved by the Energy Regulator, as shown in Table 5 below.

4.7. The COS study is applicable for five years; however, municipalities need to reflect the adjustments on their cost drivers for the 2026/27 financial year. 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 2026/27 financial year tariff review process.

4.8. To determine the tariff, increase applicable for the 2026/27 financial year, the Licensee submitted its projected costs (budgeted costs plus surplus), as required by NERSA, as part of the 2026/27 tariff review process.

4.9. The Licensee initially submitted a total budgeted required revenue of R354,1 million. Following NERSA's assessment and adjustment process, the allowable required revenue was reduced to R204 million, after the elimination of inefficiencies (limitation of bed debts, NMD, Eskom's interest and cost of losses) amounting to R117,6 million.

Table 5: 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	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	52 148 210	37 460 409	57 699 131	-	57 699 131
Eskom bulk purchases	kWh	75 235 609,00	43 783 761,00	80 243 152	-	80 243 152
Independent Power Producers Conventional	kWh		-	-	-	-
Independent Power Producers Renewable Energy	kWh		-	-	-	-
Self Generation	kWh		-	-	-	-
Other			-	-	-	-
Total Energy Requirements	**kWh**	**75 235 609**	**43 783 761**	**80 243 152**		**80 243 152**
Total Losses	kWh	23 087 399	6 323 352	22 544 021		22 544 021
Technical losses	kWh	9 028 273	5 254 051	9 629 178	-	9 629 178
Non-technical losses	kWh	-14 059 126	-1 069 301	-12 914 843	-	-12 914 843
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**		**12,00%**
Total Energy losses	%	30,69%	14,44%	28,09%		28,09%
Cost drivers						
Energy purchases from Eskom	Rand	153 726 269	128 760 534	198 068 074	-	198 068 074
other energy purchases			-	-	-	-
total energy purchases		**153 726 269**	**128 760 534**	**198 068 074**	**0**	**198 068 074**
Cost of technical losses	Rand				23 768 169	23 768 169
Non-Technical Losses					-31 878 335	-31 878 335
Operational expenditure (incl. Depreciati	**Rand**	**70 274 613**	**99 890 864**	**184 326 866**	**-125997405,6**	**58 329 461**
General & Other	**0**	**47 628 644**	**75 243 690**	**110 555 907**	**-69 741 700**	**40 814 208**
Materials and supplies	Rand	14 647 712,54	5 260 588	10 749 826	0	10 749 826
Contracted Services	Rand	243 282,86	273 478	4 000 000	0	4 000 000
Salaries, wages and allowances (exclu. Repairs and I	Rand	14 197 188,78	15 648 573	16 912 032	0	16 912 032
Eskom debts interest	Rand	12 037 386,45	42 972 134	67 822 781	-67 822 781	
Current year depreciation	Rand	6 119 532,95	6 315 545	5 215 534	0	5 215 534
Notifid Maximum Demand (NMD)	Rand	324 447	729 195	1 918 919	-1 918 919	
vehicle expense	Rand	59 093,37	107 361,60		0	0
Meter reading	Rand	3 578 923,20	3 936 816	3 936 816	0	3 936 816
Shared OPEX	**Rand**	**22 645 969**	**24 647 174**	**73 770 959**	**-56 255 706**	**17 515 253**
Bad debts (Allowance for Impairment)	Rand	20 468 006,00	21 491 406	70 438 468	-56 255 706	14 182 762
FBE paid to Eskom	Rand	2 177 963,30	3 155 767,68	3 332 491	0	3 332 491
General expenses		**0**	**0**	**0**	**0**	**0**
Total Expediture before surplus		224 000 882	228 651 397	382 394 940	-102 229 237	248 287 369
Surplus	Rand	20 160 079	22 865 140	38 239 494	-15 397 056	22 842 438
Total Expenditure Including Surplus		244 160 961	251 516 537	420 634 434	-117 626 293	271 129 807
Other revenues	Rand	**-54 548 311**	**-63 852 644**	**-66 540 720**	**0**	**-66 540 720**
Free Basic Electricity (Equitable share)	Rand	49519260	60 930 860	62 540 720	0	62 540 720
. Other Revenue - Government Grants and Subsidie	Rand	5 000 000,00	2 921 784	4 000 000		4 000 000
2. Other Revenue - Illegal Connections	Rand	29 051	0	0	-	**0**
Total Allowable Revenus	**Rand**	**189 612 650**	**187 663 893**	**354 093 714**	**-117 626 293**	**204 589 087**
increase required				***88,69%***	***9,02%***	

4.10. 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 revenues 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.

4.11. 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

4.12. The Licensee applied for a bulk purchase expenditure of R198,1 million which accounts for 65% of total costs inclusive of the 7% energy loss allowance in line with the act that requires only the prudently and efficiently incurred cost to be passed through to customers.

4.13. To get to the 2026/27 estimate, the Licensee projected the year-to-date amount for 2025/26 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).

4.14. The Eskom bills were analysed the municipality had NMD exceedance penalties charged and Eskom interests charged on the outstanding account. NERSA made necessary adjustments.

Operating Expenditure (including depreciation)

4.15. The Licensee applied for operational expenditure including depreciation R184,3 million as highlighted in **Error! Reference source not found.** above.

4.16. The municipality adjusted the expenditure linked to the 2026/27 financial year tariffs, increasing it from R99,9 million to a budgeted amount of R184,3 million, reflecting a 85% increase in costs including a depreciation amounting to R5,2 million.

4.17. During costs assessment, NERSA adjusted Eskom debt interest by 67,8 million (full amount), Notified Maximum Demand by R1,9 million (full amount) and limited bad debts R13,6 million.

Surplus

4.18. Nala LM's revenue requirement includes a surplus of R38,2 million, calculated using a surplus factor of 10% applied to operating expenditure, inclusive of bulk electricity purchases for the electricity business. In applying for this figure, the licencee included inefficient or non-allowable costs, including interest on Eskom-related debt, as the municipality is currently in arrears on its bulk electricity account amounting to R67,8 million, as well as penalties arising from Notified Maximum Demand (NMD) exceedances amounting to R1,9 million. These exclusions were verified against Eskom invoices.

4.19. The applied surplus margin of 10% was benchmarked against the established target range of 10%–20% prescribed in the approved NERSA Cost of Supply (COS) Framework, EPP Policy Position 1, D-Form submissions, and the Trial Balance to ensure that the return remains commensurate with the level of risk associated with the electricity business. Risk considerations incorporated qualitatively included: Revenue collection risks, such as non-payment, indigent levels, and bad debts. The Municipality has budgeted R0 for bad debt write-offs in the 2026/27 financial year.

4.20. Operational risks, particularly those relating to high energy losses and ageing infrastructure and less spending on Capex. Municipal energy losses for the 2026/27 financial year are projected at 35.07%.

4.21. In recommending the surplus, NERSA relied on section 15(1)(a) of the Electricity Regulation Act, which provides that tariffs set by the Regulator “must enable an efficient Licensee to recover the full cost of its licensed activities, including a reasonable margin or return”.

4.22. Following adjustments arising from inefficient costs, NERSA revised the surplus downwards by R15,4 million/ 1% to 9%/ R22,8 million.

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The whole decision is on NERSA's website: https://www.nersa.org.za/file/9253/NalaLM2026_27RFD.pdf

7. Tariff Analysis

Table 6: Schedule of Tariffs

Residential Conventional	***2025/26 Approved Increase***	***2026/27 Proposed % Increase***	***2026/27 Proposed increase***	***2026/27 Recommended % Increase***	***2026/27 Recommended % Increase***
Tariff blocks					
Block 1 (0 - 50 kWh)	R2,04	9,02%	R2,22	9,02%	R2,22
Block 2 (51 – 350 kWh)	R2,63	9,02%	R2,87	9,02%	R2,87
Block 3 (351 – 600 kWh)	R3,74	9,02%	R4,08	9,02%	R4,08
Block 4 (>600kWh)	R4,49	9,02%	R4,89	9,02%	R4,89
o Basic charge:	R324,79	9,02%	R354,09	9,02%	R354,09

Residential & Commercial Prepaid	***2025/26 Approved Increase***	***2026/27 Proposed % Increase***	***2026/27 Proposed increase***	***2026/27 Recommended % Increase***	***2026/27 Recommended % Increase***
Tariff blocks					
Block 1 (0 - 50 kWh)	R2,04	9,02%	R2,22	9,02%	R2,22
Block 2 (51 – 350 kWh)	R2,63	9,02%	R2,87	9,02%	R2,87
Block 3 (351 – 600 kWh)	R3,74	9,02%	R4,08	9,02%	R4,08
Block 4 (>600kWh)	R4,49	9,02%	R4,89	9,02%	R4,89

Departmental Consumption	***2025/26 Approved Increase***	***2026/27 Proposed % Increase***	***2026/27 Proposed increase***	***2026/27 Recommended % Increase***	***2026/27 Recommended % Increase***
Basic charge:	R415,93	9,02%	R453,45	9,02%	R0,00
Summer: Energy charge:	R3,82	9,02%	R4,16	9,02%	R0,00
Winter: Energy charge:	R3,79	9,02%	R4,13	9,02%	R0,00

Commercial Conventional single phase	***2025/26 Approved Increase***	***2026/27 Proposed % Increase***	***2026/27 Proposed increase***	***2026/27 Recommended % Increase***	***2026/27 Recommended % Increase***
Basic charge:	R745,24	9,02%	R812,46	9,02%	R812,46
Summer: Energy charge:	R3,82	9,02%	R4,16	9,02%	R4,16
Winter: Energy charge:	R3,79	9,02%	R4,13	9,02%	R4,13

Commercial Conventional three phase	***2025/26 Approved Increase***	***2026/27 Proposed % Increase***	***2026/27 Proposed increase***	***2026/27 Recommended % Increase***	***2026/27 Recommended % Increase***
Basic charge:	R723,95	9,02%	R789,25	9,02%	R789,25
Summer: Energy charge:	R3,88	9,02%	R4,23	9,02%	R4,23
Winter: Energy charge:	R3,84	9,02%	R4,19	9,02%	R4,19

Commercial Prepaid single / three phase	***2025/26 Approved Increase***	***2026/27 Proposed % Increase***	***2026/27 Proposed increase***	***2026/27 Recommended % Increase***	***2026/27 Recommended % Increase***
Basic charge:	R289,99	9,02%	R316,15	9,02%	R316,15
Summer: Energy charge:	R3,82	9,02%	R4,16	9,02%	R4,16
Winter: Energy charge:	R4,24	9,02%	R4,62	9,02%	R4,62

Industrial > 100kVA	*2025/26 Approved Increase*	*2026/27 Proposed % Increase*	*2026/27 Proposed increase*	*2026/27 Recommended % Increase*	*2026/27 Recommended % Increase*
Basic charge:	R1 365,19	9,02%	R1 488,33	9,02%	R1 488,33
Demand Charge:	R338,74	9,02%	R369,29	9,02%	R369,29
Summer: Energy charge:	R2,60	9,02%	R2,83	9,02%	R2,83
Winter: Energy charge:	R2,89	9,02%	R3,15	9,02%	R3,15

Industrial Conventional three phase	*2025/26 Approved Increase*	*2026/27 Proposed % Increase*	*2026/27 Proposed increase*	*2026/27 Recommended % Increase*	*2026/27 Recommended % Increase*
Basic charge:	R381,17	9,02%	R415,55	9,02%	R415,55
Demand Charge:	R230,00	9,02%	R250,75	9,02%	R250,75
Summer: Energy charge:	R2,82	9,02%	R3,07	9,02%	R3,07
Winter: Energy charge:	R3,13	9,02%	R3,41	9,02%	R3,41

Farms	*2025/26 Approved Increase*	*2026/27 Proposed % Increase*	*2026/27 Proposed increase*	*2026/27 Recommended % Increase*	*2026/27 Recommended % Increase*
Basic charge:	R348,16	9,02%	R379,56	9,02%	R379,56
Summer: Energy charge:	R2,98	9,02%	R3,25	9,02%	R3,25
Winter: Energy charge:	R3,30	9,02%	R3,60	9,02%	R3,60

Street Lights	*2025/26 Approved Increase*	*2026/27 Proposed % Increase*	*2026/27 Proposed increase*	*2026/27 Recommended % Increase*	*2026/27 Recommended % Increase*
Energy charge:	2,55	9,02%	R2,78	9,02%	R2,78

8. Confidentiality

8.2. None.

9. Conclusion

9.2. The Energy Regulator, having considered the Nala LM's application, supporting information, stakeholder inputs, and applicable legal framework, approves the tariff adjustments as set out in this Reasons for Decision.

End.