NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Draft Decision and Reasons for Decision (RfD)

In the matter regarding the

Tariff Application for the 2026/27 Financial Year

By

Emthanjeni Local Municipality

THE DRAFT DECISION

At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered the Emthanjeni 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 below.

1. to approve the tariffs that are based on the Cost of Supply (COS) study as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;
2. to note the COS study submitted by the municipality;
3. that the municipality must submit a report accounting for all the costs that have been noted in its COS study to enable the National Energy Regulator of South Africa (NERSA)to perform its independent verification/audit process by 31 January 2027; and
4. that the municipality must submit on a quarterly basis specific, measurable, achievable, realistic and time-bound (SMART) energy losses reduction progress reports for NERSA to monitor 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
LM	Local Municipality
MFMA	Municipal Finance Management Act
NERA	National Electricity Regulation Act
NERSA	National Energy Regulator of South Africa
OPEX	Operating Expenditure

1. INTRODUCTION

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

1.2. The municipality has a population of 45 232, and the rest of the socio-economic information is listed in the figure below. The licensee provides 50 kWh free basic electricity (FBE) to 851 indigent customers.

Table 2: Customer base

	2024-25		
Customer categories	***MWh***	***% MWh***	***Customer numbers***
Domestic(Prepaid)	8 175	27,53%	4 671
Domestic(Conventional)	942	3,17%	80
Manufacturing	18 546	62,47%	4
Commercial Prepaid	-480	-1,62%	101
Commercial Conventional	2 412	8,12%	80
Sold to other departments	33	0,11%	5
Other Consumers	63	0,21%	16
TOTAL	**29 691**	**100%**	**4957**
Free Basic Electricity	**1 242**	**13,62%**	**851**

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

1.4. In accordance with NERSA requirements, all tariff applications must include confirmation that the Municipal Council has approved the proposed tariffs and have undergone customer consultation.

1.5. For this application, the municipality has indicated that its Council meeting is scheduled for 31 March 2026, and that the Council resolution, as well as proof of customer consultation, will be submitted on 5 May 2026.

1.6. NERSA followed the notice and comment consultation process. On 31 March 2026, NERSA published Emthanjeni's tariff application on its website and social media platforms, as well as 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 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 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 2026/2027 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. 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 license conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

2.2.3. Municipalities distributing electricity do so under electricity distribution 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. 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 of the EPP 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 of the EPP, 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 2025/2026 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 seeking to vary the timelines set by the Court on 4 December 2025, given the practical difficulties arising from 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) Publication of NERSA decisions 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 tariff approvals and the tariff reasons for decision document 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 contained 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 Emthanjeni 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 (AFS). As a result, the data captured in the D-forms is considered reliable for purposes of the tariff analysis.

3.2. Emthanjeni LM's electricity business operated at a deficit of 47.10% in the 2024/25 financial year, declining from 35.74% in the 2023/24 financial year. The deficit has significantly worsened year-on-year. This indicates that the electricity service is not financially sustainable, with costs increasingly exceeding revenue.

3.3. The deficit was primarily driven by increased expenditure, mainly attributable to materials and supplies by Eskom, higher repairs and maintenance costs and rising energy losses.

3.4. Table 3 below reflects Emthanjeni Local Municipality's energy losses. The municipality's energy losses decreased significantly to 5.23% in the 2024/25 financial year, from 25.22% in the 2023/24 financial year.

3.5. Energy losses are attributable to both technical and non-technical factors, including network inefficiencies, illegal connections, meter bypassing, billing inaccuracies and unattended faulty meters.

Table 3: Performance indicators

Performance Indicators: Obtained from the D-Form		
Indicators	**2023/24**	**2024/25**
Percentage Surplus (Deficit)	-35,74%	-47,10%
Percentage Energy Losses	25,22	5,23

3.6. An energy loss allowance of 12%, amounting to R19 970 million, has been provided for. When combined with Eskom bulk energy purchases (net of losses) of 77% (R132 832 million), these components constitute approximately 89% of the total revenue requirement, equivalent to R152 801 million.

3.7. As a result, despite relatively moderate energy losses, the current tariff structure does not appear to be cost-reflective and is contributing to the municipality's ongoing financial underperformance.

3.8. The selling price to purchase price ratio declined from 1.08 to 1.05, indicating that tariffs are only marginally above bulk electricity costs and are insufficient to cover operational and maintenance expenses.

3.9. Based on the above information, the municipality's operational and financial performance is not satisfactory. Follow-up engagements are required to assess strategies aimed at improving performance to acceptable and sustainable levels.

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

4.1. The process followed in considering and approving Emthanjeni's tariff application was supported by a COS study.

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

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

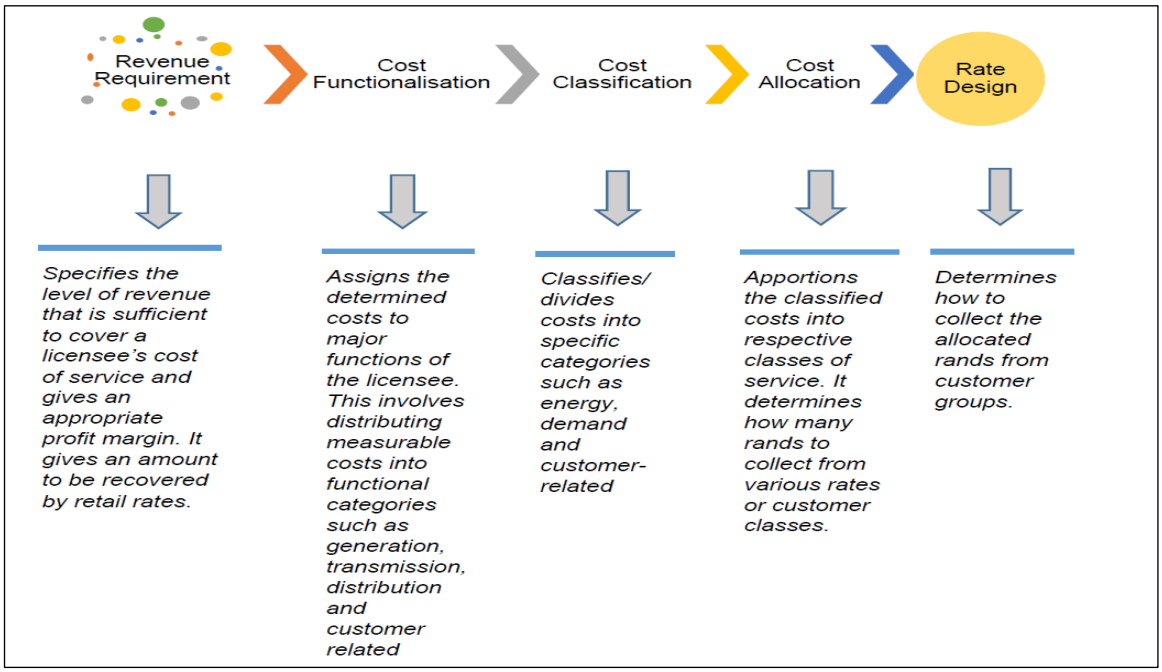


Figure 1: Five steps of COS study

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

4.4.1. Revenue Requirement

4.4.1.1. In order to be fully cost reflective, the licensee's revenue requirements are R172 873 million, comprising wires (22%) and retail (78%) for the 2024/25 financial year. This revenue requirement is made up of the following components:

4.4.1.1.1. Eskom bulk purchases composes 77% (excluding cost of losses) of total revenue requirement at an amount of R132 831 million. This is the largest cost driver of the municipality's electricity department.

4.4.1.1.2. An energy loss allowance of 12%, amounting to R19 970 million, has been provided for. When combined with Eskom bulk energy purchases (net of losses) of 77% (R132 832 million), these components constitute approximately 89% of the total revenue requirement, equivalent to R152 801 million.

4.4.1.1.3. Operational expenditure (including depreciation) amounts to R18 247 million, representing 10% of the total revenue requirement. These costs relate to the operation and maintenance of the network and customer services.

Table 4: Revenue requirement components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	52 465 832	138 654 307	172 873 091	100%
Energy purchases from Eskom - net of cost of losses	-	132 831 548	132 831 548	77%
Energy purchases from Eskom - cost of losses	17 364 561	2 605 230	19 969 790	12%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	16 714 891	1 532 157	18 247 048	11%
Other revenues	**-**	**-**	**-**	**0%**
Surplus	1 671 489	153 216	1 824 705	1%
Not allowable costs	7 039 014	6 574 565	13 613 579	
Cost of losses disallowed	7 039 014	6 574 565	13 613 579	
TOTAL COSTS	**59 504 846**	**145 228 872**	**186 486 670**	
	32%	78%		

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

4.4.1.3. All expenses included in the revenue requirement have been reviewed and verified to ensure that they relate solely to the licensee's electricity function.

Bulk Purchases

4.4.1.4. In the submitted COS study, Emthanjeni LM applied for bulk purchase expenditure of R132 831 million, representing 77% of total costs. The bulk purchase figure was verified against Eskom invoices for the 2024/25 financial year.

4.4.1.5. The dominance of bulk energy costs and associated losses within the cost structure indicates that the municipality's electricity service is largely driven by primary energy expenses, leaving limited scope for the recovery of operational, maintenance and network-related costs.

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

4.4.1.7. The methodology applied by Emthanjeni LM in forecasting bulk purchase costs is deemed reasonable. Accordingly, the bulk purchase expenditure has been recommended for approval as requested.

Operational Expenditure

4.4.1.8. Emthanjeni LM has applied for operational expenditure of R18 247 million, representing 11% of overall costs, as reflected in Table 4 above.

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

Surplus

4.4.1.10. Emthanjeni LM has requested a surplus of R1 824 705 million, calculated using a surplus factor of 1% applied to operating expenditure, inclusive of bulk purchases, for both the wires (32%) and retail (78%) components of the business.

4.4.1.11. The return proposed by Emthanjeni LM is considered reasonable, as it falls below the established target range of 10–20%. This implies that the licensee should scrutinise its operating expenses to enable a tolerable range of surplus.

4.4.1.12. 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.

4.4.2. Cost Functionalisation

4.4.2.1. Emthanjeni LM has categorised its revenue requirement into two primary functional components. The cost structure reflects a clear distinction between the wires and retail businesses, with total costs of R35.8 million and R137.1 million, respectively, in accordance with the NERSA COS Framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

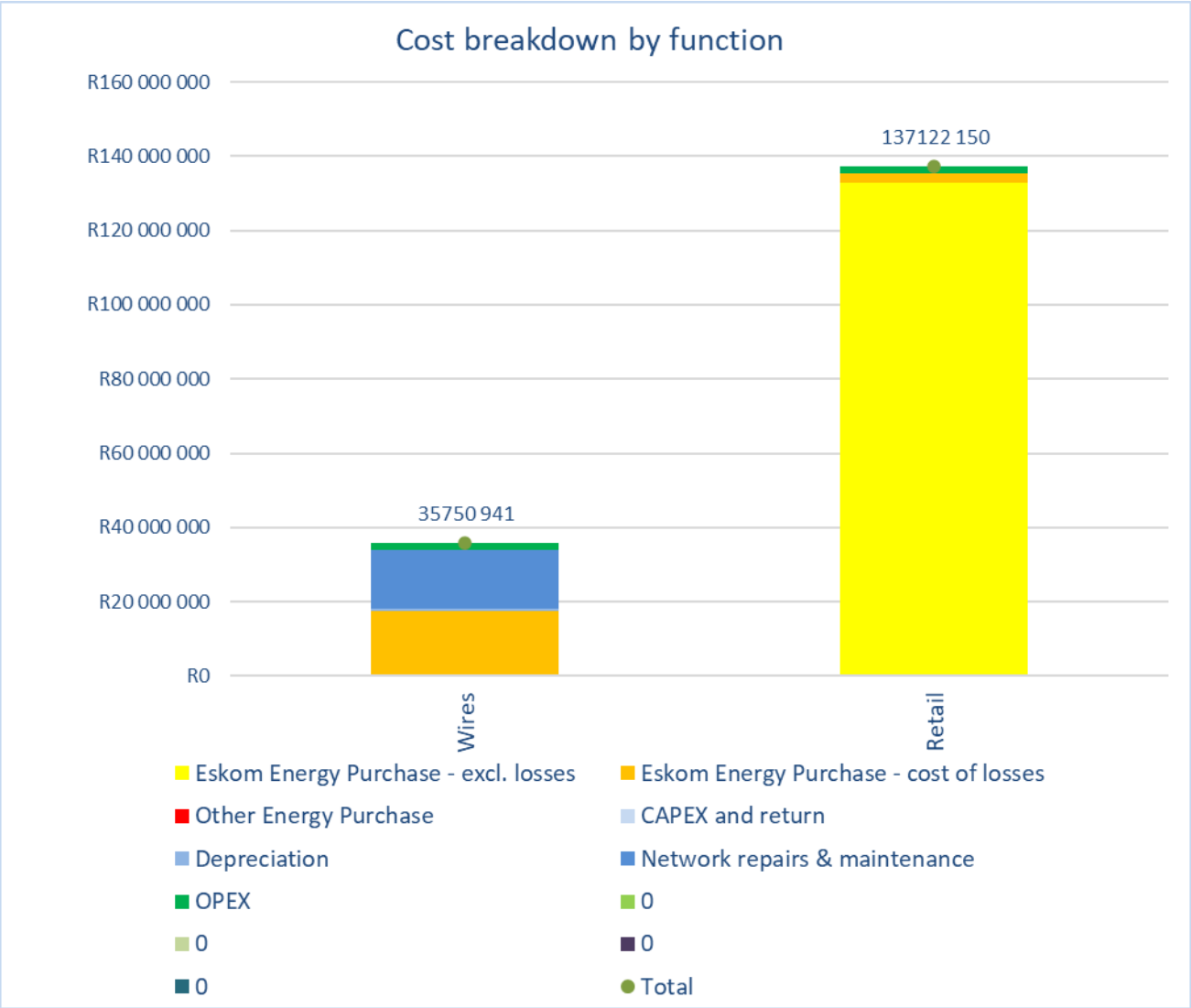


Figure 2*:* Cost breakdown by functions

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

4.4.3. Cost Classification

4.4.3.1. Emthanjeni LM classified its costs into energy, demand and customer-related cost components, in accordance with the NERSA COS Framework. The costs align with revenue requirements and cost functionalisation upon verification.

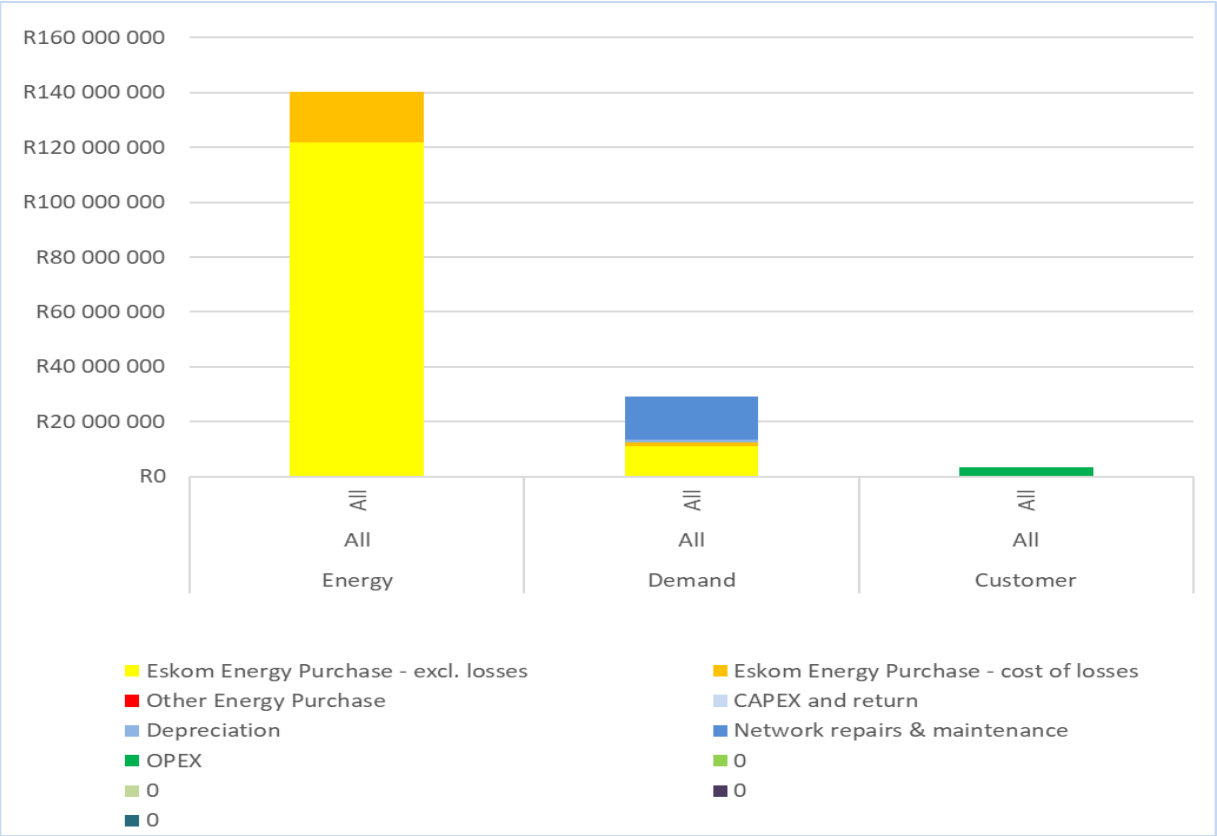


Figure 3*:* Cost breakdown by cost structure (classification)

4.4.3.2. The cost breakdown by component indicates that the energy-related costs constitute the largest portion of the total revenue requirement, significantly outweighing both demand and customer-related costs.

4.4.3.3. The energy cost component is dominated by bulk energy purchases from Eskom (excluding losses), with an additional contribution from the cost of losses. This confirms that the municipality's cost structure is highly energy-intensive and largely variable, making it sensitive to changes in bulk tariffs and consumption levels.

4.4.3.4. The demand-related costs are comparatively smaller and mainly consist of network repairs and maintenance, depreciation, and limited capital-related costs (CAPEX and return). The customer-related costs represent the smallest portion of the cost base and are primarily driven by operational expenditure (OPEX) linked to customer services, billing and administration.

4.4.3.5. The overall cost structure reflects a strong reliance on volumetric (energy-based) cost recovery, with relatively low contributions from demand and customer charges. This imbalance suggests that the current tariff structure may not fully align with cost causation principles.

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

4.4.4. Cost Allocation

4.4.4.1. In this step, the licensee's revenue requirement is allocated across customer categories, in accordance with the NERSA COS Framework. Upon verification, the allocation is consistent with the stated revenue requirement and aligned with the principles of cost allocation.

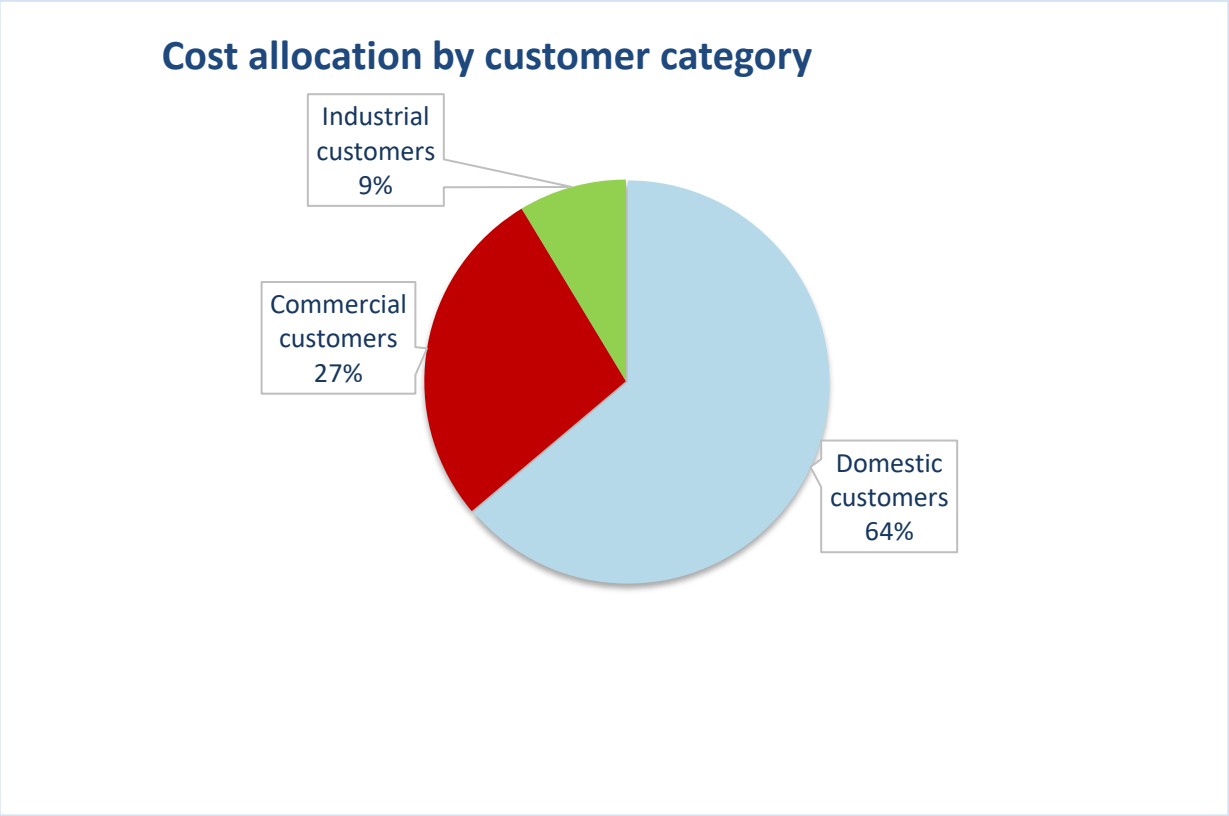


Figure 4: Costs allocated

4.4.5. Rate Design

4.4.5.1. The analysis indicates that the domestic customer categories are not cost-reflective and are operating at a significant under-recovery level. In particular, the domestic (prepaid) category reflects an under-recovery of 48%, while the domestic (conventional) category reflects an under-recovery of 42%.

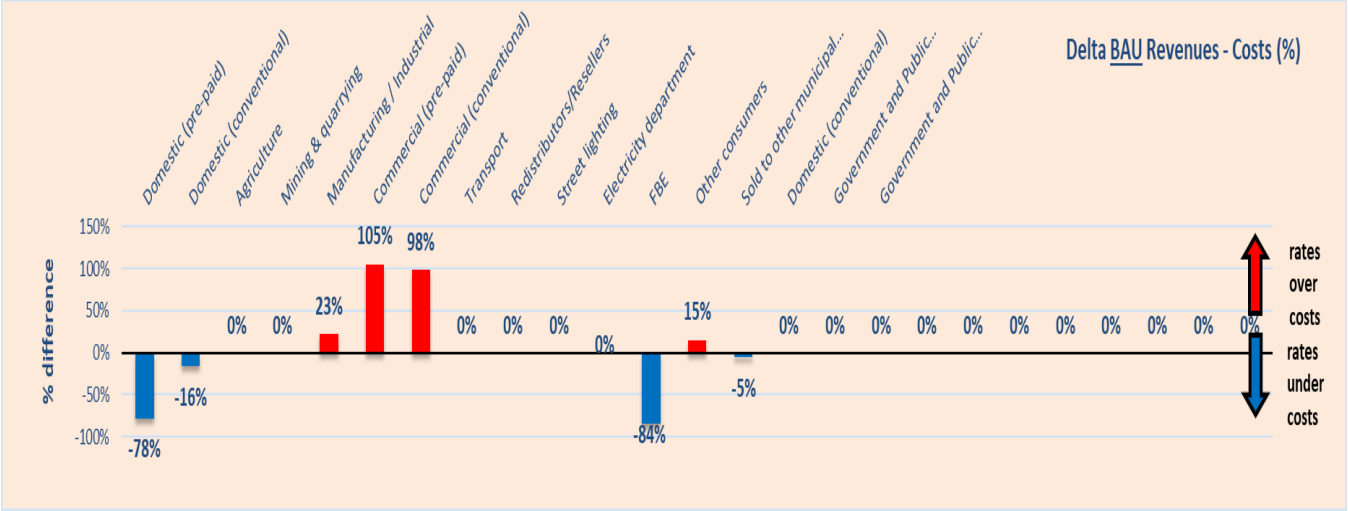
4.4.5.2. This indicates that the revenues generated from these categories are substantially below the cost to supply electricity, resulting in a funding gap. The shortfall is effectively recovered through cross-subsidisation from other customer categories, primarily non-domestic consumers.

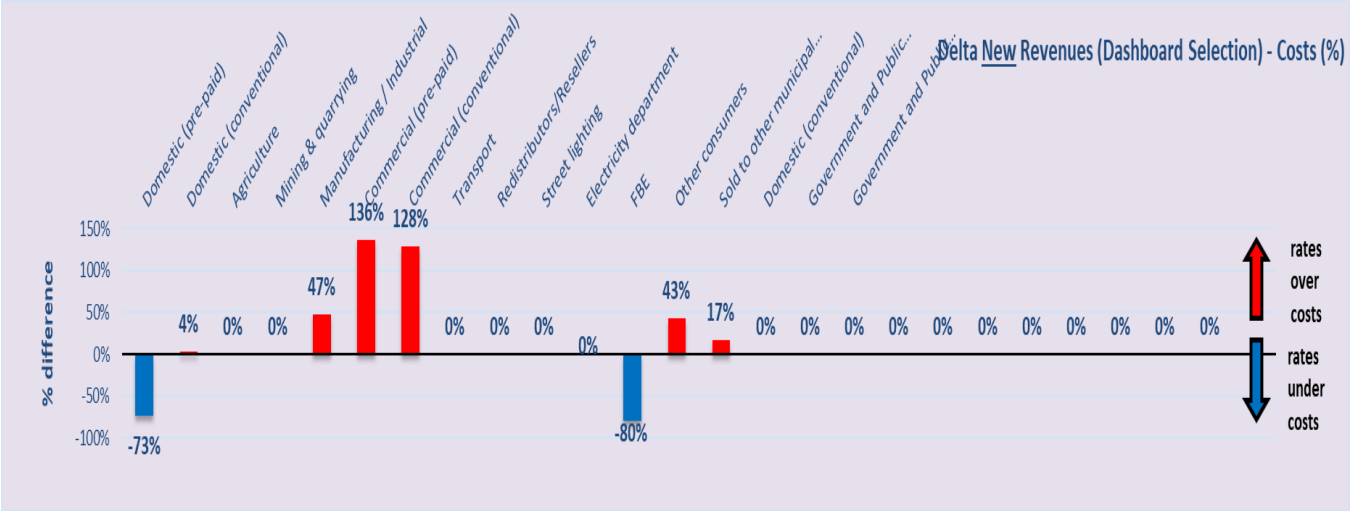
4.4.5.3. While NERSA acknowledges that a degree of cross-subsidisation is permissible to support affordability objectives, the magnitude of the under-recovery in the domestic categories is significant and may not be sustainable in the long term.

4.4.5.4. The municipality is therefore encouraged to progressively align domestic tariffs with cost-reflective levels, while ensuring that support to indigent customers is appropriately targeted and transparently funded.

4.4.5.5. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories mentioned in the section. However, the municipality has adopted a less aggressive approach, opting instead for a proposed uniform tariff increase of 9.01% across all customer categories.

Figure 5: Revenue recovery by customer category





4.4.5.6. The analysis of the difference between Business-As-Usual (BAU) revenues and costs across customer categories reveals significant imbalances in cost recovery, with certain categories either substantially over-recovering or under-recovering their allocated costs.

4.4.5.7. The municipality's tariff structure is not cost reflective, as evidenced by significant under-recovery in domestic customer categories and over-recovery in commercial and industrial categories. This results in excessive and unsustainable cross-subsidisation.

4.4.5.8. The municipality must, in the next tariff application, implement a phased tariff restructuring plan to:

a) gradually align domestic tariffs closer to cost-reflective levels while protecting indigent households;

b) reduce over-recovery from commercial and industrial customers to within acceptable benchmarks;

c) address the significant under-recovery within the electricity department through improved cost allocation and operational efficiency measures; and

d) provide a clear cross-subsidisation policy supported by its COS study.

4.4.6. Conclusion on the COS Study

4.4.6.1. While the outcome of the COS study indicated an average tariff adjustment of a 10.3% for a licensee to achieve full cost reflectivity, a municipality may elect to implement such adjustments on a phased basis, including applying an increase below the COS-derived level.

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

4.4.6.2.1. eliminate the remaining revenue shortfall;

4.4.6.2.2. achieve full alignment with cost of supply principles; and

4.4.6.2.3. ensure the long-term financial sustainability of the electricity service.

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

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

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

4.4.6.6. The COS study results indicate a required increase of 27,8% to reach cost reflectivity, as illustrated in Figure 5 below.

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Table 6: Schedule of **t**ariffs

Basic Charges (R/Month)	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Domestic	250,37	9,10%	273,15	9,1%	273,15
Business	368,19	9,10%	401,70	9,1%	401,70
kVA & Transnet	284,63	9,10%	310,53	9,1%	310,53
Departmental	263,72	9,10%	287,72	9,1%	287,72
Departmental Large/Rural	246,24	9,10%	268,65	9,1%	268,65
Energy Charges					
Domestic Prepaid	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Block 1 (0 -50 kWh): c/kWh	1,76	9,10%	1,9202	9,10%	1,9202
Block 2 (51 -350 kWh)): c/kWh	2,12	9,10%	2,3129	9,10%	2,3129
Block 3 (351 - 600 kWh)): c/kWh	2,99	9,10%	3,2621	9,10%	3,2621
Block 4 (> 600 kWh)): c/kWh	3,53	9,10%	3,8512	9,10%	3,8512
Domestic Conventional	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Block 1 (0 -50 kWh): c/kWh	1,84	9,10%	2,0074	9,10%	2,0074
Block 2 (51 -350 kWh)): c/kWh	2,12	9,10%	2,3129	9,10%	2,3129

Block 3 (351 - 600 kWh)): c/kWh	2,92	9,10%	3,1857	9,10%	3,1857
Block 4 (> 600 kWh)): c/kWh	3,27	9,10%	3,5676	9,10%	3,5676
Basic Charge: R/Month	258,74	9,10%	282,29	9,10%	282,29
Commercial Tariffs	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Business Prepaid					
o Energy Charge: c/kWh	3,79	9,10%	4,13	9,10%	4,1349
Commercial Single phase	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Prepaid Energy Charge: c/kWh	3,12	9,10%	3,40	9,10%	3,40
Conventional Energy Charge: c/kWh	2,72	9,10%	2,97	9,10%	2,97
5. Industrial	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Basic Charge: R/Month	329	9,10%	358,94	9,10%	358,94
Energy Charge: c/kWh	2,17	9,10%	2,37	9,10%	2,37
Demand Charge: R/kVA	443,02	9,10%	483,33	9,10%	483,33

Departmental Small	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Basic Charge: R/Month	156,64	9,10%	170,89	9,10%	170,89
Energy Charge: c/kWh	2,18	9,10%	2,38	9,10%	2,38
Demand Charge: R/kVA	188,57	9,10%	205,73	9,10%	205,73
Departmental Large	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Basic Charge: R/Month	263,72	9,10%	287,72	9,10%	287,72
Energy Charge: c/kWh	2,18	9,10%	2,38	9,10%	2,38
Demand Charge: R/kVA	188,57	9,10%	205,73	9,10%	205,73
Departmental Large	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Basic Charge: R/Month	263,72	9,10%	287,72	9,10%	287,72
Energy Charge: c/kWh	1,65	9,10%	1,80	9,10%	1,80
Demand Charge: R/kVA	443,02	9,10%	483,33	9,10%	483,33
Transnet	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Basic Charge: R/Month	284,63	9,10%	310,53	9,10%	310,53

Energy Charge: c/kWh	6,39	9,10%	6,97	9,10%	6,97
Demand Charge: R/kVA	443,01	9,10%	483,32	9,10%	483,32
Streetlights	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Energy Charge: c.kWh	3,98	9,10%	4,34	9,10%	4,34
SSEG Export Credit	**2025/26 Approved Tariff**	**2026/27 Proposed % Increase**	**2026/27 Proposed Tariff**	**2026/27 Recommended % Increase**	**2026/27 Recommended Tariff**
Energy Charge: c/kWh	1,09	9,10%	1,19	9,10%	1,19

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. From a conspectus of the facts and evidence presented to the REC, it is appropriate to approve Emthanjeni LM's tariffs for the 2026/27 financial year.

End.