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

Saldanha Bay Local Municipality

THE DECISION

At its meeting held on 4 May 2026, the Regulator Executive Committee (REC) considered The Saldanha Bay Local Municipality'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 Table 1 below.

Table 1: Summary of the REC decision

Tariff Category	2026/27 approved % Increase
1. Domestic Consumers: Low (20 Ampere Single Phase)	9.26%
2. Domestic Consumers: High (30 and >30 Ampere single Phase)	9.26%
3. Domestic Consumers: 20, 30, 40, 60 80 Ampere Single Phases	9.26%
4. Domestic Consumers: 20, 30, 40, 60 Ampere Three Phase	9.26%
5. Commercial Consumers: 20, 30, 40, 60 and 80 Ampere Single Phase	9.26%

6. Commercial Consumers: 20, 30, 40 and 60 Ampere Three Phase	9.26%
7. Bulk LV Up to 70kVA	9.26%
8. Bulk LV and MV 71kVA to 500kVA	9.26%
9. Bulk LV and MV 501kVA to 630kVA	9.26%
10. Bulk LV and MV 501kVA to 1 000kVA	9.26%
11. Bulk MV > 1000kVA	9.26%
12. Small Scale Embedded Generation	9.26%

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) study as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;
b) to note the COS study and be submitted by the municipality;
c) that the municipality must submit a report accounting for all the costs identified in its COS study to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification or audit process by 31 January 2027; and
d) that the municipality must submit quarterly SMART energy loss reduction progress reports for NERSA to monitor implementation thereof by 30 September 2026.

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ABBREVIATIONS

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

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receive and consider 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 Saldanha Bay Local Municipality is situated in the Western Cape. The customer base of the municipality is mostly domestic customers, accounting for 45.24% of total electricity sales. The municipality provide its indigent customers with 50kWh of Free Basic Electricity (FBE) per month. The municipality also 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 FY)

Customer categories	MWh	% MWh	Customer numbers
Domestic Prepaid	63,088	32.48	20,794
Domestic Conventional	24,777	12.76	4,009
Agriculture	321	0.17	10
Manufacturing	73,474	37.83	140
Commercial Prepaid	8,835	4.55	596
Commercial Conventional	15,309	7.88	1,054
Other Consumer	1,409	0.73	21
Own use	1,692	0.87	218
Sold to other departments	5,317	2.74	174
TOTAL	**190,079**	**100**	**19,317**
[1]FBE	4,484	5.10[2]	7,993

1.3. NERSA received The Saldanha Bay Local Municipality's tariff application together with its existing Cost of Supply (COS) on 30 March 2026.

1.4. The Saldanha Bay Local Municipality implemented a 11.77% average price increase in 2025/26 FY and is applying for an average price increase of 9.26% for the 2026/27 FY.

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

[2] Percentage of Domestic MWh

1.5. NERSA followed the notice and comment consultation process. The Saldanha Bay Local Municipality's tariff application was published on the NERSA website on 31 March 2026, on social media platforms and national and local newspapers to solicit written comments from affected parties.

1.6. NERSA's decision was made on 4 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 ("EPP") for the South African Electricity Supply Industry, 2008.

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 2026/27 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 primarily governed by the ERA. Section 3 of the ERA states 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. 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 form an essential component of the municipal tariff approval process and must ensure that there is transparency, accountability and fairness in regulatory decision-making.

2.5. **Policy Framework: Electricity Pricing Policy (2008)**

2.5.1. 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 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 2025/26 municipal tariff approval did not comply with the 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. 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. The Court, after hearing NERSA's application,

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

2.8. Court-Directed Timelines

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

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

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

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

2.9. Conclusion

2.9.1. The determination of municipal electricity tariffs by the Energy Regulator must 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 financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Saldanha Bay, 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 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 tariff analysis.

3.2. Table 3 below indicates that Saldanha Bay's electricity business recorded a slight increase in the percentage surplus from 6.33% in the 2023/24 FY to 7.41% in the 2024/25 FY.

3.3. The energy losses increased from 11.48% in the 2023/24 FY to 13.04% in the 2024/25 FY as highlighted in table 3 below. The main drivers of high energy losses

are aging assets, capacity constraints and increasing demand that the current network is not fully optimised to handle, hence the need for significant capital investment in upgrades. 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: (%)	7.41	6.33[3]
Energy losses: (%)	13.04	11.48

4. DETERMINATION OF THE SALDANHA BAY LOCAL MUNICIPALITY'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 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 and 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:

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 (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.

[3] Total Electricity Purchases divided by Total Expenditure

iii. Column 3 is for the licensee's submitted 2026/27 FY 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 FY.

The total revenue of R690 million is for the 2025/26 FY 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

4.5. **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 2026/27 FY. 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 FY tariff review process.

4.7. To determine an increase applicable for the 2026/27 financial year, the licensee submitted its 2026/27 cost (budgeted cost plus surplus) as requested by NERSA and total budgeted required revenue that amounted to R754 million for the 2026/27 FY 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	194 222 613	203 933 743	204 071 075
Eskom bulk purchases	kWh	223 345 766	236 746 512	234 564 454
Total Energy Requirements	**kWh**	**223 345 766**	**236 746 512**	**234 564 454**
Total Losses	kWh	29 123 153	32 812 769	30 493 379
Technical losses	kWh	26 801 492	28 409 581	28 147 734
Non-technical losses	kWh	2 321 661	4 403 187	2 345 645
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**
Total Energy losses	%	13,04%	13,86%	13,00%
Cost drivers				
Energy purchases from Eskom	Rand	469 291 050	545 739 613	577 512 347
total energy purchases		**469 291 050**	**545 739 613**	**577 512 347**
Capital expenditure	Rand	55 497 347	21 912 114	36 654 498
Operational expenditure (incl. Depreciati	**Rand**	**122 644 522**	**137 573 063**	**146 898 696**
General & Other		59 197 852	71 764 481	79 940 761
Salaries and allowances	Rand	18 590 339	23 607 433	25 613 637
Materials and supplies	Rand	2 225 517	1 125 956	3 038 577
Contracted Services	Rand	7 570 942	5 455 400	6 737 518
Salaries, wages and allowances (exclu. Repairs and	Rand	11 626 003	16 083 492	17 482 168
Payments to consultants (operational work)	Rand	475 655	313 800	450 009
Current year depreciation	Rand	18 709 396	25 178 400	26 618 852
Shared OPEX	Rand	63 446 670	65 808 582	66 957 935
Bad debts (Allowance for Impairment)	Rand	756 975	654 076	683 506
FBE paid to Eskom	Rand	695 334	1 162 956	752 056
Charges from other Municipal Departments	Rand	41 851 248	47 516 639	47 819 212
General expenses		**20 143 113**	**16 474 911**	**17 703 161**
3.Other Expenses	Rand	20 143 113	16 474 911	17 703 161
Total Expediture before surplus		591 935 572	683 312 676	724 411 043
Surplus	Rand	47 393 262	40 232 159	63 826 192
Total Expenditure Including Surplus		639 328 834	723 544 835	788 237 235
Other revenues	Rand	**-58 907 980**	**-32 575 366**	**-33 315 817**
Reconnection fees	Rand	1 412 920	1 948 200	1 764 158
Free Basic Electricity (Equitable share)	Rand	22 354 457	26 649 000	27 564 999
1.Interest earned	Rand	964 718	977 136	1 064 959
2. Other Revenue - Illegal Connections	Rand	34 175 885	3 001 030	2 921 701
Total Allowable Revenus	**Rand**	**580 420 854**	**690 969 469**	**754 921 418**
increase required				***9,26%***

4.8. It is important to test the efficiency and prudency of the costs in the 2025/26 FY 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.

4.9. 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 R577 million which accounts for 76.00 % 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 2026/27 estimate, the licensee projected the year-to-date amount for 2025/26 because the complete financial year data is unavailable. It 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 interests charge on the outstanding account.

Operating Expenditure (Including Depreciation)

4.13. The licensee applied for operational expenditure with a depreciation of R146 million as highlighted in Table 4 above.

4.14. The municipality adjusted the expenditure linked to the 2025/26 FY tariffs, increasing it from R137 million to a budgeted amount of R146 million, reflecting a 7% increase in costs.

Surplus

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						Accordingly, the proposed tariffs are considered prudent and reasonable.

7.3 Domestic Consumers: 20, 30, 40, 60 80 Ampere Single Phases	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Block 1 (0-350) kWh	230.67	252.03	9.26%	252.03	9.26%	The COS study indicates that the domestic conventional tariff structure is under-recovering by approximately 12%, suggesting that current tariffs are below the cost of service and require upward adjustment to improve cost reflectivity. However, the proposed increase remains below the 11.77% required for full cost recovery as indicated by the COS study. A phased approach toward achieving full cost reflectivity is recommended to support long-term financial sustainability while avoiding tariff shock for domestic customers. Accordingly, the proposed tariffs are considered reasonable.
Block 2 (>350) kWh	321.01	350.74	9.26%	350.74	9.26%	
Service Charge: R/Month	45.00	49.18	9.26%	49.18	9.26%	
Capacity Charge: R/Ampere/Month	8.77	9.59	9.26%	9.59	9.26%	

7.4 Domestic Consumers: 20, 30, 40, 60 Ampere Three Phase	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Block 1 (0-350) kWh	230.67	252.03	9.26%	252.03	9.26%	The COS study indicates that the domestic conventional tariff structure is under-recovering by approximately 12%, suggesting that current tariffs are below the cost of service and require upward adjustment to improve cost reflectivity. However, the proposed increase remains below the 11.77% required for full cost recovery as
Block 2 (>350) kWh	321.01	350.74	9.26%	350.74	9.26%	
Service Charge: R/Month	45.00	49.18	9.26%	49.18	9.26%	
Capacity Charge: R/Ampere/Month	8.77	9.59	9.26%	9.59	9.26%	

						indicated by the COS study. Accordingly, the proposed tariffs are considered fair.

7.5 Commercial Consumers: 20, 30, 40, 60 and 80 Ampere Single Phase	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge: c/kWh	292.55	319.65	9.26%	319.65	9.26%	The COS findings show that commercial conventional customers are over-recovering by approximately 16%. The proposed increase of 9.26% remains below the 11.77% required for full recovery as indicated by the COS study. Therefore, the proposed tariff is considered fair and reasonable.
Service Charge: R/Month	45.00	49.18	9.26%	49.18	9.26%	
Capacity Charge: R/Ampere/Month	12.84	14.03	9.26%	14.03	9.26%	

7.6 Commercial Consumers: 20, 30, 40 and 60 Ampere Three Phase	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge: c/kWh	292.55	319.65	9.26%	319.65	9.26%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 16%. The proposed increase of 9.26% remains below the 11.77% for full cost recovery as indicated by the COS study. Accordingly, the proposed tariff adjustment is considered fair and reasonable.
Service Charge: R/Month	45.00	49.18	9.26%	49.18	9.26%	
Capacity Charge: R/Ampere/Month	12.84	14.03	9.26%	14.03	9.26%	

7.7 Bulk LV Up to 70kVA	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***

Energy charge: c/kWh	159.39	174.12	9.26%	174.12	9.26%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 14%. The proposed increase of 9.26% remains below the 11.77% for full cost recovery as indicated by the COS study. Accordingly, the proposed tariff adjustment is considered fair and reasonable.
Basic Charge: R/Month	4 480.00	4 895.04	9.26%	4 895.04	9.26%	
Demand Charge: R/kVA/Month	488.00	533.09	9.26%	533.09	9.26%	

7.8 Bulk LV and MV 71kVA to 500kVA	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge: c/kWh	159.39	174.12	9.26%	174.12	9.26%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 14%. The proposed increase of 9.26% remains below the 11.77% required for full cost recovery as indicated by the COS study. Accordingly, the proposed tariff adjustment is considered fair and reasonable.
Basic Charge: R/Month	4 481.00	4 895.04	9.26%	4 895.04	9.26%	
Demand Charge: R/kVA/Month	488.00	533.09	9.26%	533.09	9.26%	

7.9 Bulk LV 501kVA to 630kVA	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge: c/kWh	159.39	174.12	9.26%	174.12	9.26%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 14%. The proposed increase of 9.26% remains below the 11.77% required for full cost recovery as indicated by the COS study. Accordingly, the proposed tariff adjustment is considered fair and reasonable.
Basic Charge: R/Month	33 702.00	36 816.06	9.26%	36 816.06	9.26%	
Demand Charge: R/kVA/Month	488.00	533.09	9.26%	533.09	9.26%	

7.10 Bulk MV 501kVA to 1 000kVA	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***

Energy charge: c/kWh	159.39	174.12	9.26%	174.12	9.26%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 14%. The proposed increase of 9.26% remains below the 11.77% required for full cost recovery as indicated by the COS study. Accordingly, the proposed tariff adjustment is considered fair and reasonable.
Basic Charge: R/Month	42 576.00	46 510.02	9.26%	46 510.02	9.26%	
Demand Charge: R/kVA/Month	488.00	533.09	9.26%	533.09	9.26%	

7.11 Bulk MV >1000kVA	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Energy charge: c/kWh	159.39	174.12	9.26%	174.12	9.26%	The COS findings indicate that commercial conventional customers are over-recovering by approximately 14%. The proposed increase of 9.26% remains below the 11.77% required for full cost recovery as indicated by the COS study. Accordingly, the proposed tariff adjustment is considered fair and reasonable.
Basic Charge: R/Month	65 937.00	72 029.58	9.26%	72 029.58	9.26%	
Demand Charge: R/kVA/Month	488.00	533.09	9.26%	533.09	9.26%	

7.12 Small Scale Embedded Generation	***2025/26 Approved Tariffs***	***2026/27 Proposed***	***Proposed % Increase***	***2026/27 Recommended Tariffs***	***Recommended % increase***	***Analysis and Key Findings***
Export- energy charge(c/kWh)	(104)	(114)	9.26%	(114)	9.26%	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 Charge of 114.00 c/kWh provides pricing stability and avoids 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.

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. The Energy Regulator, having considered the Saldanha Bay Local Municipality's application, supporting information, stakeholder inputs and applicable legal framework, approves the tariff adjustments as set out in this document.

End.