NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal and Private Distributor Tariff Applications for the 2026/27 Financial Year

By

Matjhabeng Local Municipality

THE DECISION

At its meeting held on 4 May 2026, the Regulator Executive Committee (REC) considered Matjhabeng Local Municipality (the Municipality)'s tariff application. Based on the facts and evidence presented, REC approved the tariff increases for the 2026/27 financial year set out in

below.

Table 1: Summary of the REC decision

Tariff Category	2026/27 approved % Increase
IBT Domestic	11.3%
Domestic Prepaid	11.3%
Residential TOU	11.3%
Commercial	11.3%
Industrial Large LV	11.3%
Resell TOU	11.3%
Industrial Time- of- Use	11.3%
Streetlight	11.3%

Departmental	11.3%

Based on the available information and the analysis performed thus far, the Regulator Executive Committee decided at its meeting held on 4 May 2026, that:

a) The tariffs that are based on the Cost of Supply Report (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 identified in its COS study, to enable the Regulator to perform its audit by 31 January 2027; and
d) The Municipality is required to submit quarterly SMART energy loss reduction progress reports for the Regulator to monitor implementation thereof commencing from 30 September 2026.
e) 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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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. Matjhabeng Local Municipality provides services to the following towns in the Free State Province: Welkom, Odendaalsrus, Virginia, Hennenman, Allanridge and Ventersburg. The Municipality has a total customer base of 35 370 and a total population is 429 113 residents. The Licensee grants 50 kWh of electricity to 1 143 customers.

Table 2: Customer and Consumption

Customer categories	**2024/25**			
	kWh	***% kWh***	***Customer numbers***	***% Customer numbers***
Domestic(Prepaid)	36 197 144	12%	17 442	49%
Domestic(Conventional)	75 850 595	25%	13 584	38%
Manufacturing	100 887 665	34%	910	3%
Commercial Conventional	65 851 435	22%	3 345	9%
Street Lighting	4 357 077	1%		0%
Sold to other departments	14 572 697	5%	83	0.23%
General(Resellers)	1 700 254	1%	6	0.02%
TOTAL	**299 416 867**	**100%**	**35 370**	**100%**
Free Basic Electricity	625 050	1%	1143	7%

1.3. NERSA received the Municipality's tariff application together with its COS Report on 31 March 2026.

1.4. NERSA followed the notice-and-comment consultation process as well as oral presentations. The Municipality'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.

1.5. 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 for the South African Electricity Supply Industry, 2008 ("EPP").

2.1.2. The approval of municipal electricity tariffs follows the Eskom Multi-year Proce 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; and
c) Section 14(1)(d) of the ERA authorises the Energy Regulator to impose licence conditions relating to the setting or approval of prices, charges, rates and tariffs charged by Licensees.

2.2.3. Municipalities distributing electricity do so under electricity distribution licences issued by the Energy Regulator and are therefore subject to the tariff approval framework established under the ERA.

2.3. Tariff Determination Principles under the ERA

2.3.1. When determining or approving electricity tariffs, the Energy Regulator must apply the principles contained in section 15(1) of the ERA.

2.3.2. Section 15(1) provides that the Energy Regulator:

a) must enable an efficient Licensee to recover the full cost of the licensed activity;
b) must allow for a reasonable return commensurate with the risk of the licensed activity;
c) may provide incentives for continued improvement of technical and economic efficiency;
d) must avoid undue discrimination between customer categories;
e) may permit cross-subsidies of tariffs to certain classes of customers; and
f) may have regard to the need to ensure security of supply, diversity of supply and the promotion of renewable energy.

2.3.3. These statutory requirements form the core legal principles guiding the determination of electricity tariffs within the South African electricity supply industry.

2.4. Administrative Law Requirements

2.4.1. The approval of municipal electricity tariffs constitutes administrative action as defined in section 1 of the PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable and procedurally fair as required by sections 3 and 6 of PAJA. Procedural fairness requires that affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

2.4.2. Public participation processes conducted by the Energy Regulator therefore form an essential component of the municipal tariff approval process and are intended to ensure transparency, accountability and fairness in regulatory decision-making.

2.5. Policy Framework: Electricity Pricing Policy (2008)

2.5.1. In addition to the statutory framework, the Energy Regulator must have regard to the Electricity Pricing Policy (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 provides that electricity tariffs must accurately reflect the efficient cost of rendering electricity services and that the average tariff levels 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 applied consistently 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 whenever 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 which were set by the Court on 4 December 2025, considering the practical difficulties which arose in complying 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; and

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; and
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 Municipality, 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. The Municipality's electricity business operated at a percentage deficit of -24.23% in the 2024/25 financial year increasing from a deficit of -19.04% in the 2023/24 financial year. The deficit was mainly due to surge on expenses mainly driven by Eskom interest coupled with increasing energy losses.

Table 3: Performance indicators

Performance Indicators: Obtained from the D-Form		
Indicators	**2023/34**	**2024/25**
Percentage Surplus(Deficit)	-19,04%	-24,23%
Energy Losses Percentage	25,88%	26,49%

Revenue loss on Energy losses	2024/25
Purchases kWh	407 302 381
Sales kWh	299 416 867
Energy losses kWh	107 885 514

Average Selling Price (ASP) (Rands)	3,09
Lost Revenue on Total losses (Rands)	**332 839 767**
Losses @ 12% kWh	12 946 262
Lost Revenue (excluding 12%) (Rands)	**39 940 772**

3.3. The Municipality's energy losses amounted to 26.49% in 2024/25 financial year from 25,88% in 2023/24 financial year. High energy losses are due to network inefficiencies (Technical) and illegal connection, metre by passing, billing inaccuracy as well as unattended faulty metres. The total revenue foregone as a result of higher energy losses in the 2024/25 financial year amounted to R332,8 million.

3.1. Based on the above information above, the Municipality's operational and financial performance is not satisfactory and follow ups are required in terms of strategies on how to improve this performance to a better and acceptable level(s).

4. Determination of Matjhabeng Local Municipality's tariffs based on the cost of supply study

4.1. The process followed in considering and approving the Municipality's tariff application was supported by a cost of supply study.

4.2. The Municipality 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 utilises the latest available audited data which is based on the 2024/25 financial year

4.3.

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

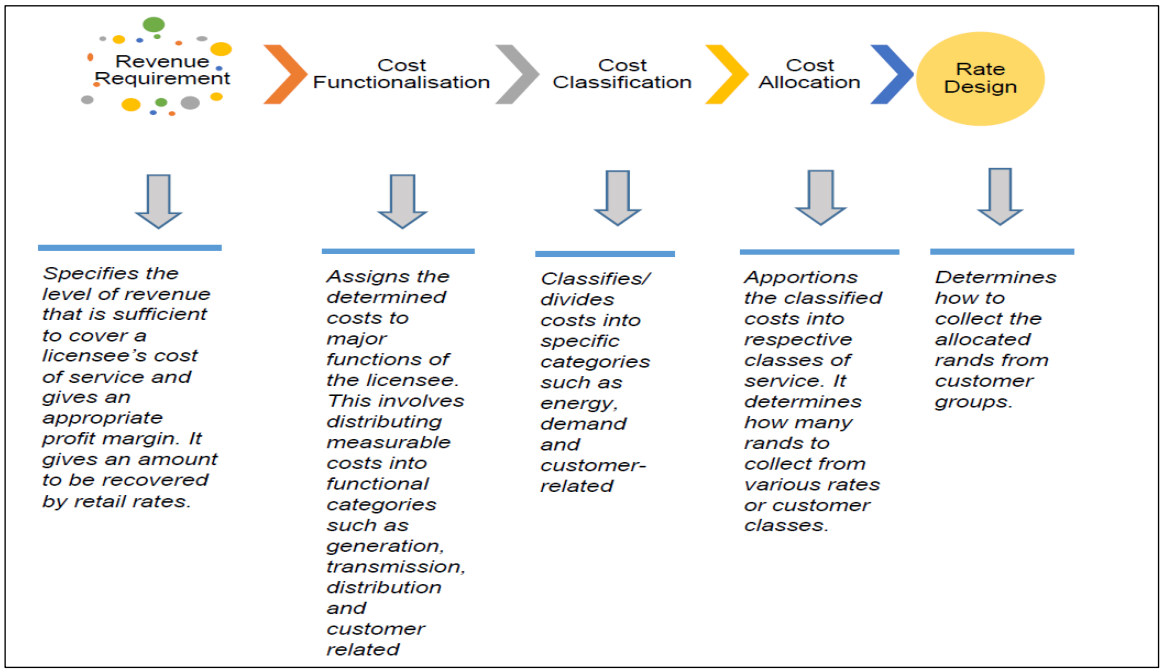


Figure 1: Fives steps of COS

4.5. The following steps are undertaken to analyse the cost of supply study:

4.5.1. Revenue Requirement

4.5.1.1. Thel Municipality indicated that to be fully cost reflective, it needs revenue requirements of R1 222 million (wires (17%) and Retail (83%)) for the 2024/25 financial year. This revenue requirement is made up of the following components:

4.5.1.1.1. Eskom Bulk Purchases composes 56% (excluding cost of losses) of total revenue requirement at an amount of R682,3 million and this is the largest cost driver of the municipality's electricity department.

4.5.1.1.2. Energy Loss Allowance of 12% (norm) amounting to R111,1 million. When combined with Eskom purchases: 56% + 9% = 65% and totals of R793,4 million of total revenue requirement.

4.5.1.1.3. Operational Expenditure (OPEX) accounts for 24% of revenue requirement amounting to R295 million. This includes Salaries, Administration and others.

4.5.1.1.4. Network repairs and maintenance accounts for 8% of revenue requirement

4.5.1.1.5. The remaining 12% includes Return on assets and others. It is within the NERSA's COS framework guidelines.

Table 4: Revenue Requirement components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	192 882 423	1 029 092 521	1 221 974 944	100%
Energy purchases from Eskom - net of cost of losses	-	682 275 876	682 275 876	56%
Energy purchases from Eskom - cost of losses	57 753 999	53 366 004	111 120 003	9%

Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	122 844 022	266 773 310	389 617 332	32%
Other revenues	**-**	**-**	**-**	**0%**
Surplus	12 284 402	26 677 331	38 961 733	3%
Not allowable costs	31 422 490	101 181 655	132 604 145	
Cost of losses disallowed	31 422 490	101 181 655	132 604 145	
TOTAL COSTS	**224 304 913**	**1 130 274 176**	**1 354 579 089**	
	17%	**83%**		

4.5.1.2. The efficiency of costs for the 2024/25 financial 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, applying stated assumptions to determine the revenue requirement for that period.

4.5.1.3. All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the Licensee's electricity function. Where any amounts were found to be inflated or insufficiently substantiated, adjustments have been affected accordingly, as detailed below.

4.5.1.4. After assessment of D_Form and Cost of Supply, all costs and their levels of efficiency, NERSA has made the following adjustment:

Table 4: NERSA adjustment

	Eskom Application	NERSA Adjustment	NERSA's Decision
Purchases	682 275 876	-	682 275 876
Net Cost of losses	111 120 003	-	111 120 003
Other energy purchases	-	-	-
Capex	-	-	-
OPEX (Includiung Depreciation)	389 617 332	204 453 274	185 164 058
Other revenues	-		-
Surplus	38 961 733	-	38 961 733
Adjusted Revenue Requirement	**1 221 974 944**	**204 453 274**	**1 017 521 670**

4.5.2. Bulk purchases

4.5.2.1. The Municipality submitted an application for bulk purchase expenditure amounting to R793,4 million, representing 65% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year including cost of losses at 12%.

4.5.2.2. To derive the 2026/27 bulk purchase estimate, the 2025/26 Cost-of-Supply (CoS) amount was escalated by 9,01%, consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.5.2.3. The methodology applied by the Municipality in forecasting bulk purchase costs is deemed reasonable. Accordingly, the bulk purchase expenditure has been recommended for approval as submitted.

4.5.3. Operational Expenditure

4.5.3.1. The Municipality applied for operational expenditure amounting to R389.6 million, representing 32% of total costs, as reflected in Table 3 above. However, NERSA adjusted the operating expenses in line with the Cost of Supply (COS) framework by excluding inefficient cost components, such as NMD exceedance penalties and interest incurred on Eskom-related debt, from the total costs and revenue requirement. These costs are considered to be within the control of the municipality and should therefore not be passed on to customers. As a result of these adjustments, NERSA limited operational expenditure to R185.2 million and the revenue requirement to R1,017.5 million.

4.5.3.2. The Energy Regulator approves the adjusted operational expenditure of R185.2 million and a total revenue requirement of R1,017.5 million for the Municipality. The Licensee is required to manage and contain costs that are within its control, including avoiding NMD exceedance penalties and reducing reliance on interest-bearing Eskom-related debt. Such costs will not be considered for recovery through tariffs.

4.5.4. Surplus

4.5.4.1. The Municipality has requested a surplus of R39 million, calculated using a surplus factor of 3% applied to operating expenditure, inclusive of bulk purchases, for both the wires and retail components of the business.

4.5.4.2. The surplus proposed by the Municipality is considered low, as it falls below the established target range of 10–20%. Consequently, the requested amount has been approved as applied for as the Licensee will be resolving its cost base with special attention to the OPEX.

4.5.5. Cost Functionalisation

4.5.5.1. The Licensee's adjusted revenue requirement of R1,017.5 million is allocated between two primary functional components, namely the wires business (17%) and the retail business (83%), in accordance with the NERSA Cost of Supply (COS) framework, as illustrated in Figure 2 below. Following NERSA's adjustments, the allocation of costs across these functional components is considered to be consistent with the approved revenue requirement.

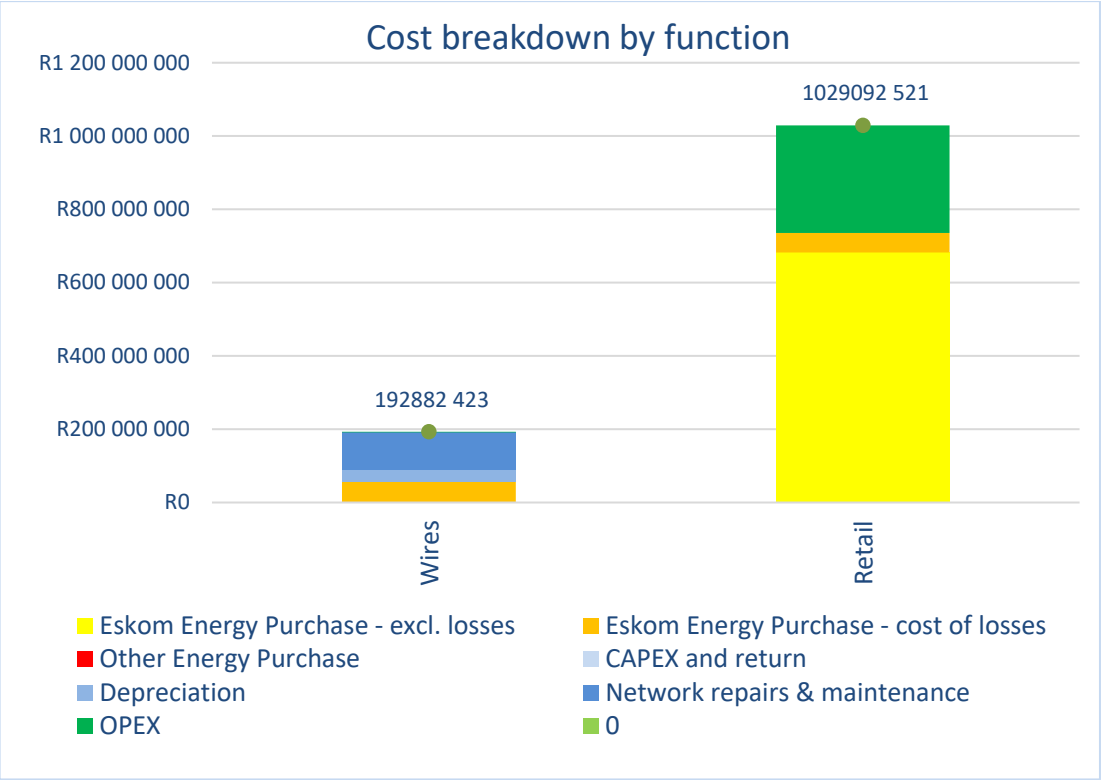


Figure 2*: Costs breakdown by Functions*

4.5.5.2. Following verification and adjustment, these costs are considered to be consistent with the approved revenue requirement. Within the wires business, network repairs and maintenance constitute the primary cost drivers, while energy purchases represent the dominant cost driver in the retail business.

4.5.6. Cost Classification

4.5.6.1. The Municipality has 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 functionalization upon verification.

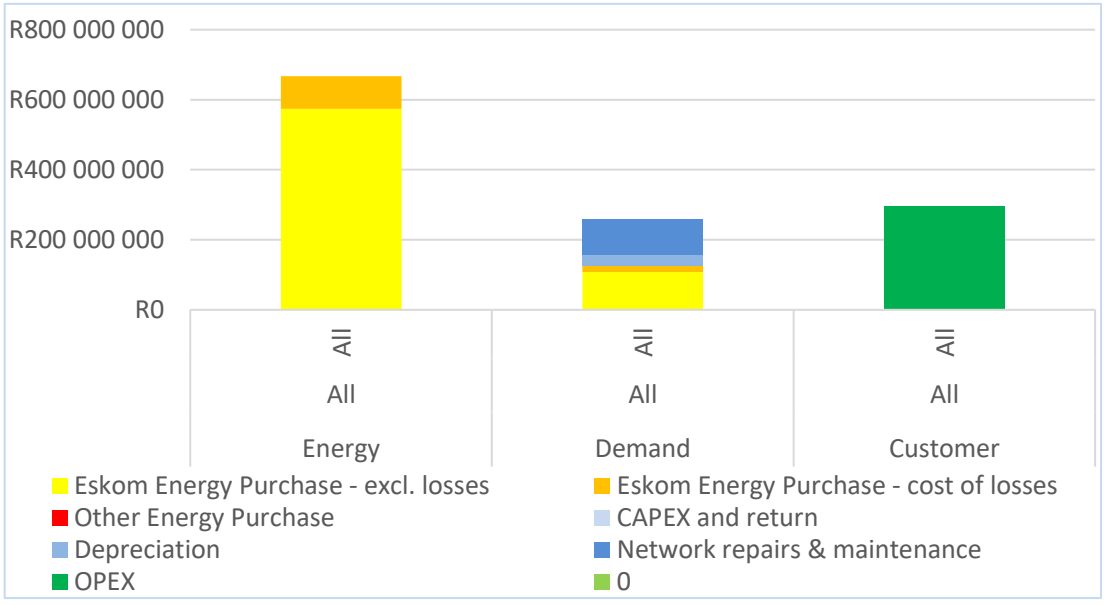


Figure 3: Costs breakdown by cost structure (Classification)

4.5.6.2. 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.

4.5.7. Cost Allocation

4.5.7.1. The Cost of Supply (COS) outcomes indicate that domestic customers are the most costly to service, followed by commercial customers, with industrial customers being the least costly. Upon verification, the cost allocation was found to be consistent with the approved revenue requirement and aligned with the principles of cost allocation.

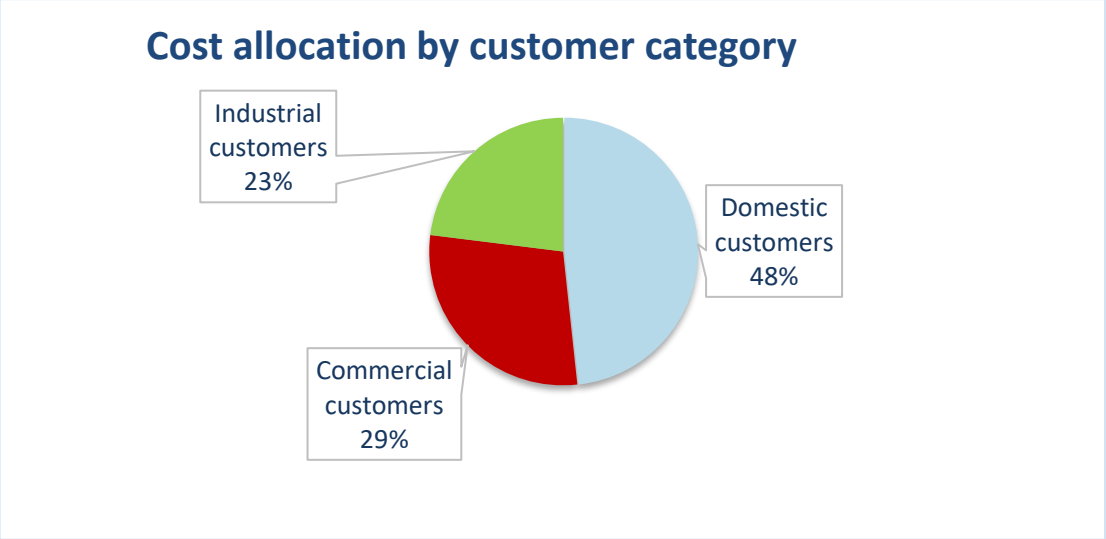


Figure 4: *Costs Allocated*

4.5.8. Rate Design

4.5.8.1. Figure 5 below reflects the outcomes of the Cost of Supply (COS) study, indicating that domestic, industrial, commercial, conventional, and other customer categories require upward tariff adjustments. In contrast, certain categories are recovering costs at levels that do not result in cross-subsidization. A comparison between the cost of supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Figure 5 below

4.5.8.2. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories. However, the

municipality's application adopts a less aggressive approach, proposing a uniform tariff increase of 23% across all customer categories.

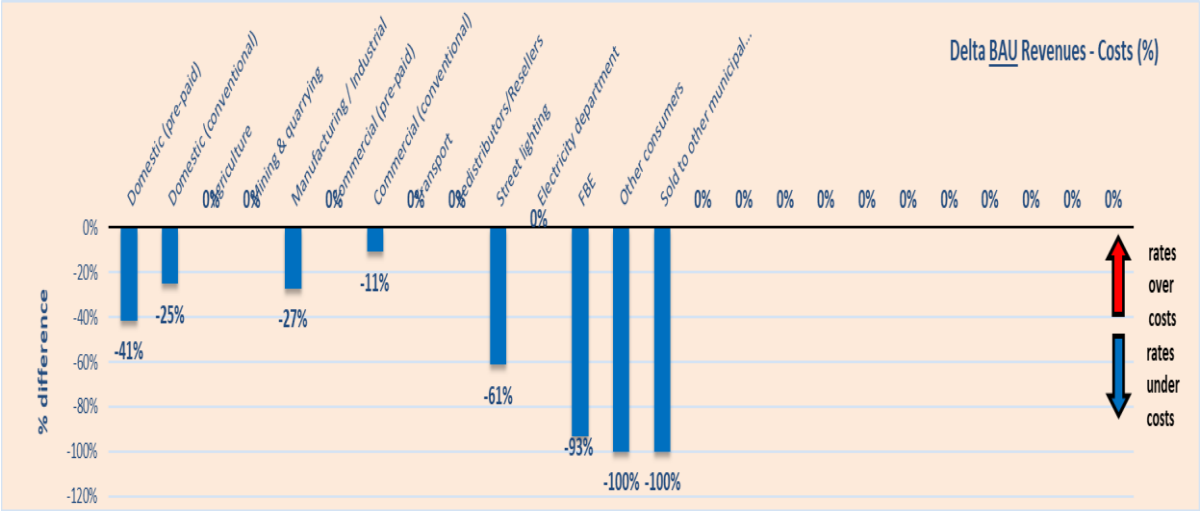


Figure 5: Revenue Recovery by customer category

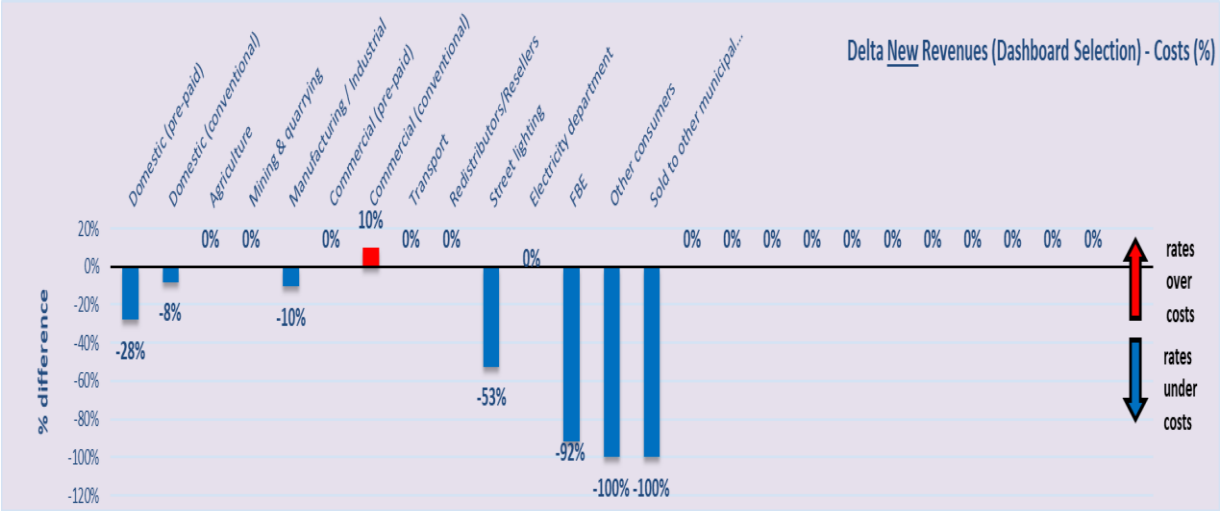
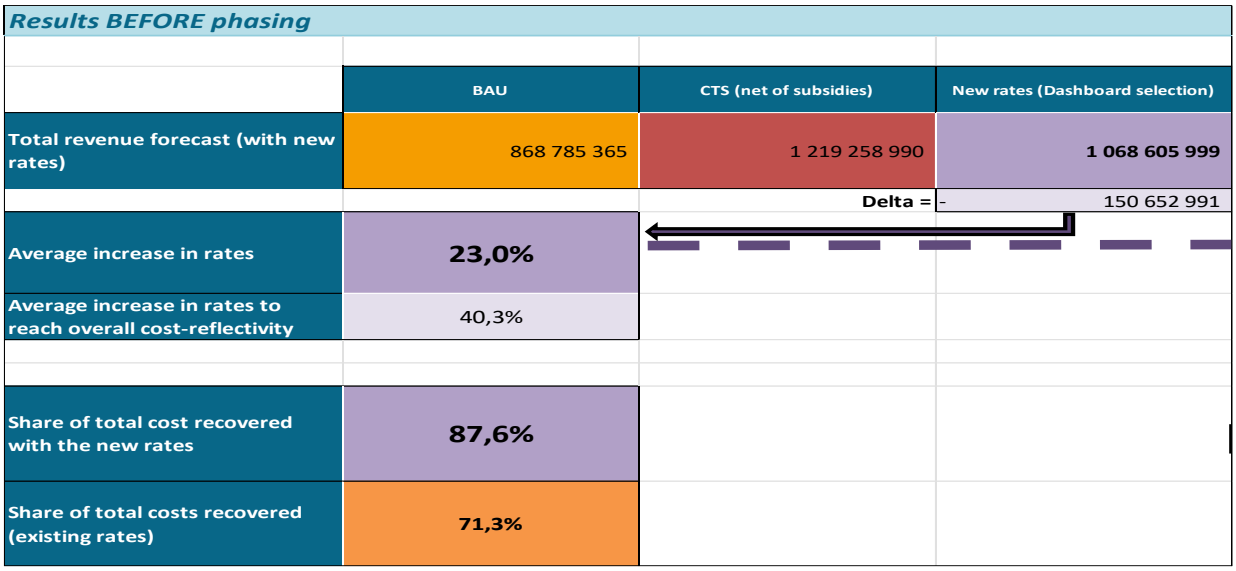


Figure 5: Revenue Recovery by customer category

5. Conclusion on the Matjhabeng Local Municipality's COS Study

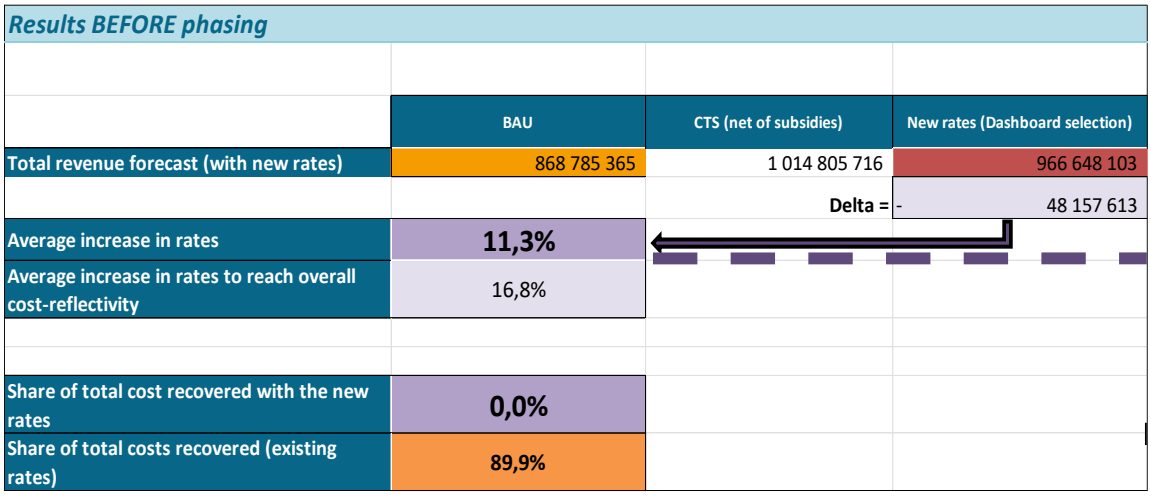
5.1. The outcome of the COS study indicated that an average tariff adjustment of 40.3% would be required for a licensee to achieve full cost reflectivity, with an associated average increase in rates of 23%.



Results BEFORE phasing			
	BAU	CTS (net of subsidies)	New rates (Dashboard selection)
Total revenue forecast (with new rates)	868 785 365	1 219 258 990	1 068 605 999
		Delta =	- 150 652 991
Average increase in rates	23,0%		
Average increase in rates to reach overall cost-reflectivity	40,3%		
Share of total cost recovered with the new rates	87,6%		
Share of total costs recovered (existing rates)	71,3%		

Figure 6: Matjhabeng Local Municipality's Rate Design

5.2. However, NERSA adjusted the operating expenses by removing inefficient OPEX within management's control, as outlined in Section 4.1.4.4. This resulted in a reduced cost reflectivity requirement of 16.8% and an average rate increase of 11.3%. These adjustments were influenced by factors such as interest on Eskom debt, higher bad debt levels, and notified maximum demand.



Results BEFORE phasing			
	BAU	CTS (net of subsidies)	New rates (Dashboard selection)
Total revenue forecast (with new rates)	868 785 365	1 014 805 716	966 648 103
		Delta =	- 48 157 613
Average increase in rates	11,3%		
Average increase in rates to reach overall cost-reflectivity	16,8%		
Share of total cost recovered with the new rates	0,0%		
Share of total costs recovered (existing rates)	89,9%		

Figure 7: NERSA Adjusted Matjhabeng Local Municipality's Rate Design

5.3. Considering the cost reflectivity level of 16.8%, the phase-in approach should be guided by a range of considerations, including the need to maintain tariff sustainability to support continued demand for electricity services. Excessive tariff increases may negatively impact consumption levels, thereby affecting revenue stability.

5.4. Furthermore, the Licensee should consider its capacity to meet financial obligations, including payments to Eskom, as well as the broader affordability constraints faced by customers, when determining an appropriate trajectory for tariff adjustments.

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	unemployment rate in the Free State 4. 150 000 of Youth is unemployed and cannot find work. 5. The COS was not done taking all 36 wards into account but only 10 wards. This does not provide the correct outcomes. This was confirmed by the company Spectrum Utility Management during a meeting that they only used data of 10 wards. 6. Jobs will be lost if the few businesses will have to pay the increase and increased minimum amount of R930.00 pm 7. the Municipality must first resolve their own issues with the losses – technical and non-technical before embarking on this application. 8. The proposed rates are totally unaffordable as people cannot afford such a large increase. 9. The few paying residents cannot pay for the failure by the Municipality because of the Eskom debt 10. The decline in usage is as a result of the increase in rates and people putting up solar panels. 11. The Municipality must work on energy losses. Residents cannot be held liable for that. 12. The Municipality must get Intergovernmental Relations (IGR) intervention to resolve their losses with vandalism and upgrade of the systems to minimise losses whether technical or non-technical. 13. Businesses have threatened with court cases and boycotts if the tariffs are increased by 23% as well as the minimum charge of R930.00. This will result in more job losses and major loss of income in any case. 14. "I spoke during Council, Portfolio and other meetings against this, and I will maintain that stance. we cannot afford the increase of 23%."	3. The Municipality should introduce projects that solicit socioeconomic benefit like job creation. 4. Refer to number 3 5. NERSA will engage the Municipality and establish basis of this stakeholder's comment. 6. The Municipality should engage the affected customers and educate them on how the introduced charge is aimed to be achieve. 7. Upon issuing the decision on the Licensee's application, NERSA will request a quarterly report on energy losses management. 8. Indigent residents of Matjhabeng Local Municipality should remind the Municipality about the Free Basic Electricity. 9. The Municipality should recover costs from all electricity users in accordance with the tariff structures and relevant cross subsidies. 10. In using Solar customers should also consider being SSEGs. 11. Refer to number 7. 12. NERSA supports and recommends that Intergovernmental Relations (IGR) intervention be considered to address systemic challenges, including infrastructure upgrades and reduction of both technical and non-technical losses, as well as vandalism. 13. Businesses and Municipality must engage and reach an amicable solution regarding the matter without boycotting. 14. NERSA will consider the stakeholders' comments in making decision.

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Commercial - Flat Business Tariff						
Basic Charge (R/month):	804,42	23%	989,44	895,32	11,3%	N/A
Energy charge: Summer	3,38	23%	4,16	3,76	11,3%	N/A
Energy charge: Winter	3,76	23%	4,62	4,18	11,3%	N/A

5. Industrial Large LV	***2024/25 Approved***	***2026/27 Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended Increase***	***2026/27 Recommended Increase % Increase***	***Analysis and Key findings***
TOU INDUSTRIAL LV						
Basic Charge (R/month):	1631,74	23%	2007,04	1816,13	11,3%	N/A
Demand Charge (R/kVA)	326,67	23%	401,80	363,58	11,3%	N/A
Energy charge: Summer	2,48	23%	3,05	2,76	11,3%	N/A
Energy charge: Winter	2,83	23%	3,48	3,15	11,3%	N/A

5. Resell TOU	***2024/25 Approved***	***2026/27 Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended Increase***	***2026/27 Recommended Increase % Increase***	***Analysis and Key findings***
Basic Monthly: R/month	778,99	23%	958,16	867,02	11,3%	N/A
Demand Charge (R/kVA)	226,32	23%	278,37	251,89	11,3%	N/A
Low season						
Energy charges:						
Peak c/kWh	2,48	23%	3,05	2,76	11,3%	N/A
Standard c/kWh	1,83	23%	2,25	2,04	11,3%	N/A
Off-peak c/kWh	1,38	23%	1,70	1,54	11,3%	N/A
High Season						
Energy charges:						
Peak c/kWh	5,53	23%	6,80	6,15	11,3%	N/A
Standard c/kWh	2,30	23%	2,83	2,56	11,3%	N/A
Off-peak c/kWh	1,70	23%	2,09	1,89	11,3%	N/A

6. Industrial Time- of-Use	***2024/25 Approved***	***2026/27 Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended Increase***	***2026/27 Recommended Increase % Increase***	***Analysis and Key findings***
Industrial TOU - LV						
Basic Monthly: R/month	2289,6	23%	2816,21	2548,32	11,3%	N/A
Demand Access (R/kVA)	85,61	23%	105,30	95,28	11,3%	N/A
Demand Charge (R/kVA)	193,43	23%	237,92	215,29	11,3%	N/A
Low season						
Energy charges:						
Peak c/kWh	2,80	23%	3,44	3,12	11,3%	N/A
Standard c/kWh	1,79	23%	2,20	1,99	11,3%	N/A
Off-peak c/kWh	1,57	23%	1,93	1,75	11,3%	N/A
High Season						

Energy charges:						
Peak c/kWh	5,32	23%	6,54	5,92	11,3%	N/A
Standard c/kWh	2,93	23%	3,60	3,26	11,3%	N/A
Off-peak c/kWh	2,48	23%	3,05	2,76	11,3%	N/A

7. Industrial Time- of-Use	***2024/25 Approved***	***2026/27 Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended Increase***	***2026/27 Recommended Increase % Increase***	***Analysis and Key findings***
Industrial TOU - MV						
Basic Monthly: R/month	4885,81	23%	6009,55	5437,91	11,3%	N/A
Demand Access (R/kVA)	84,48	23%	103,91	94,03	11,3%	N/A
Demand Charge (R/kVA)	188,61	23%	231,99	209,92	11,3%	N/A
Low season						
Energy charges:						
Peak c/kWh	2,97	23%	3,65	3,31	11,3%	N/A
Standard c/kWh	1,90	23%	2,34	2,11	11,3%	N/A
Off-peak c/kWh	1,68	23%	2,07	1,87	11,3%	N/A
High Season						
Energy charges:						
Peak c/kWh	5,71	23%	7,02	6,36	11,3%	N/A
Standard c/kWh	2,72	23%	3,35	3,03	11,3%	N/A
Off-peak c/kWh	2,50	23%	3,08	2,78	11,3%	N/A

8. Street Light	***2024/25 Approved***	***2026/27 Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended Increase***	***2026/27 Recommended Increase % Increase***	***Analysis and Key findings***
Basic Charge (R/month):	128,42	23%	157,96	142,93	11,3%	N/A
Energy charge: Summer	2,30	23%	2,83	2,56	11,3%	N/A
Energy charge: Winter	2,68	23%	3,30	2,98	11,3%	N/A

9. Departmental	***2024/25 Approved***	***2026/27 Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended Increase***	***2026/27 Recommended Increase % Increase***	***Analysis and Key findings***
Basic Charge (R/month):	128,42	23%	157,96	142,93	11,30%	N/A
Energy charge: Summer	2,30	23%	2,83	2,56	11,30%	N/A
Energy charge: Winter	2,68	23%	3,30	2,98	11,30%	N/A

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. From a conspectus of the facts and evidence presented to the REC, it is appropriate to approve Matjhabeng Local Municipality's tariff application for 2026/27 financial year.

End.