NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Draft Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Senqu Local Municipality

THE DECISION

At its meeting held on 4 May 2026, the Regulator Executive Committee (REC) considered Senqu Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year set out in Table 1 below.

Table 1: Summary of the REC Decision

Tariff Category	2026/27 Approved % Increase
Domestic Prepaid Single Phase (<0-60 Amps) FBS	11.42%
Domestic Prepaid Single Phase <60 Amps) FBS	11.42%
Domestic Prepaid Three Phase (<60 Amps)	11.42%
Domestic Demand credit metering <60 Amps)	11.42%
Domestic Demand 60 AMP + Credit Metering	11.42%
Commercial Prepaid Single Phase	11.42%
Commercial Prepaid Three Phase	11.42%
Commercial Credit/Small/Medium	11.42%
Commercial Large	11.42%
Streetlighting	11.42%
Municipal department	11.42%
Agricultural Tariffs	11.42%

Based on the available information and the analysis performed, the REC decided:

1. to approve the tariffs that are based on the Cost of Supply (COS) Report as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;
2. to note the COS Report 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; and
4. that the municipality must submit a quarterly smart efficiency plan with improvement measures identified in reducing high energy losses and submit 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
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 its mandate to regulate prices and tariffs. Municipal tariffs must be approved by NERSA to be implemented on 1 July of each financial year.

1.2. Senqu Municipality is located in the Eastern Cape. The municipality consists mostly of industrial customers, who account for 64.10% of total electricity sales. The municipality provides its indigent customers with 50kWh of Free Basic Electricity (FBE) per month. The municipality further reports that it maintains an indigent register. The details regarding customer statistics are highlighted in Table 2 below.

Table 2: Customer Statistics

Consumer Classification	Sales (KWh)	%KWh	Number of Consumers
Domestic (Prepaid)	5 030 185	25,33%	2 878
Domestic (Conventional)	72 135	0,36%	30
Agriculture	62 203	0,31%	1
Manufacturing/ Industrial	12 731 134	64,10%	85
Commercial (Prepaid)	627 604	3,16%	216
Commercial (Conventional)	847 764	4,27%	137
Electricity Department	105 576	0,53%	13
Street Lighting	296 990	1,50%	
Sold to other municipal departments	88 441	0,45%	27
TOTAL SALES	**19 862 032**	**100%**	**3 387**
Free Basic Electricity (FBE)	**352 450**	**6,91%**	**588**

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

1.4. For the 2025/26 financial year, the municipality implemented an average price increase of 12.5%. While the initial tariff application published on the NERSA website projected a higher increase of 14.50%, a subsequent, thorough cost analysis was conducted.

1.5. Following these detailed reviews, a revised average increase of 11.42% was determined for the 2026/27 financial year. This adjustment was formally discussed and agreed on with the municipality to ensure the new rates accurately reflect the underlying costs.

1.6. The municipality has successfully submitted all requested supporting documentation required for the comprehensive analysis of the tariff application.

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

1.8. 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 NERSA 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 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 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 NERSA evaluated and determined the municipal electricity tariff application for the 2026/27 financial year.

2.2. NERSA's Statutory Mandate

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. NERSA's electricity regulatory mandate is therefore primarily governed by

the ERA. Section 3 of the ERA particularly provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.2.2. In particular:

a) section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions;
b) section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs; and
c) section 14(1)(d) of the ERA authorises the Energy Regulator to impose licence conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

2.2.3. Municipalities distributing electricity do so under electricity distribution licences issued by NERSA 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, NERSA 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 NERSA 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, NERSA must have regard to the EPP. The EPP establishes national policy principles for electricity tariff setting, including cost reflectivity, transparency, economic efficiency and equity.

2.5.2. Policy position 1 of the EPP provides that the revenue requirement for a regulated licensee must be set at a level that covers the full cost of production, including a reasonable risk-adjusted margin or return on appropriate asset values.

2.5.3. Policy position 2 states that electricity tariffs must reflect the efficient cost of rendering electricity services accurately and that the average level of tariffs must be set to recover the approved revenue requirement.

2.6. Cost of Supply Studies

2.6.1. The EPP recognises that cost reflective tariff structures require a sound understanding of the underlying cost drivers associated with electricity distribution.

2.6.2. Paragraph 8.1 of the EPP notes that COS methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3. Policy position 23 therefore requires electricity distributors to undertake COS studies at least every five years, or when significant structural changes occur in the customer base or cost structure.

2.6.4. Such studies must be conducted in accordance with the NERSA-approved methodology and must accompany tariff structure applications submitted to NERSA.

2.7. Judicial Oversight of the Tariff Approval Process

2.7.1. The municipal tariff approval process administered by NERSA was the subject of litigation in AfriForum NPC v National Energy Regulator of South Africa and Others (Case No. 2025/137620) before the High Court of South Africa, Gauteng Division, Pretoria.

2.7.2. In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process relating to the 2025/26 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

2.7.3. However, recognising the potentially disruptive consequences of setting aside tariff determinations already implemented by municipalities, the Court declined to invalidate the tariffs. Instead, to assist in the timeous and lawful approval of municipal tariffs, the Court issued a structural interdict regulating the municipal tariff approval process going forward.

2.7.4. NERSA subsequently launched a variation application that sought to vary the timelines that had been set by the Court on 4 December 2025, considering the practical difficulties that arose in relation to NERSA's compliance with the court order. The Court, having heard NERSA's application, granted the variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

2.8.1. The following timelines 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 must be submitted by 31 March 2026
c) Public participation processes must be concluded by 21 April 2026
d) The publication of NERSA decisions by 11 May 2026.

2.8.2. Municipal tariff approvals from 2027/28 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 NERSA 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 NERSA 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 Senqu, 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.

Table 3: Performance Indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	-5,90%	-11,21%
Percentage Energy Losses	23,23%	20,97%

Percentage Surplus

3.2. The municipality's financial position improved during the 2024/25 financial year, with the reported deficit narrowing to 5.90%, down from 11.21% in the 2023/24 financial year. This positive shift was driven by a 15% increase in total revenue, which significantly outpaced the 9% rise in total expenditure.

3.3. Although the municipality has demonstrated a marked improvement, energy losses remain critically high. To achieve a sustainable financial surplus, the municipality must implement a robust operational strategy to mitigate these losses.

Energy Losses

3.4. As shown in **Error! Reference source not found.** above material losses increased to 23.23% for the 2024/25 financial year, an increase from the 20.97% recorded in the 2023/24 financial year. These losses can be attributed to both technical and administrative factors as follows:

a) Technical Losses: These are inherent to the physical delivery of electricity through the distribution network. They include conductor losses, transformer core losses and energy consumed by potential or current coils within metering equipment

b) Administrative Losses: These represent the energy consumed by the utility itself to maintain the proper operation of the distribution network.

3.5. To address and mitigate high energy losses, the municipality has implemented the following strategic measures:

a) Audit and Remediation: Systematic identification of tampering, illegal connections and faulty meters, with dedicated remediation plans developed for each feeder

b) Token Identifier (TID) Rollover: Ensuring that 100% of prepaid meters are updated to maintain system compliance and functionality

c) Infrastructure Modernisation: Prioritising high-loss 'hotspots' by replacing legacy conventional meters with modern metering technology

d) Community Engagement: Establishing specialised committees and an incentive scheme to encourage the reporting of illegal connections.

Table 4: Energy loss analysis

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	332,57		
Sales kWh	19 862 032,00	22 767 222,72	24 319 533,36
Purchases kWh	25 871 844,00	25 871 844,00	25 871 844,00
Losses kWh	6 009 812,00	3 104 621,28	1 552 310,64
Losses percentage	**23,23%**	**12,00%**	**6,00%**
Additional Energy (kWh)		2 905 190,72	4 457 501,36
Additional Revenue (Rands)		9 661 792,78	14 824 312,27
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Total Revenue (Rands)	R 7 732 582,00	R 17 394 374,78	R 22 556 894,27
Total Expenses (Rands)	R 16 712 932,00	R 16 712 932,00	R 16 712 932,00
Net Profit (Loss)	R -8 980 350,00	R 681 442,78	R 5 843 962,27
Percentage Surplus/Deficit	**-116,14%**	**3,92%**	**25,91%**

3.6. The municipality has high energy losses of 23.23%, which significantly undermines its financial sustainability.

3.6.1. If losses were capped at 12%, the municipality would:

a) improve net revenue by approximately R9 million; and

b) Operate at a surplus of 3.92%.

3.6.2. 3.6.2 If losses were capped at 6%, the municipality would:
a) improve net revenue by approximately R14 million; and
b) Operate at a surplus of 25.91%.

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

4.1. The municipality submitted its existing COS study, which supports the tariff application for the 2026/27 financial year. The municipality's COS study was inclusive of all requirements of NERSA's approved COS Framework (i.e. Revenue Requirement, Cost Functionalisation, Cost Classification, Cost Allocation and Rate Setting).

4.2. Policy position 23 states that:

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

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

An adjustment index will be issued to licensees to allow them to submit the tariff applications, which will be used to determine the costs that must increase with CPI, purchase costs, and other OPEX. Where annual plans, such as repairs and maintenance, and CAPEX plans, have been assessed and approved by NERSA, these can be adjusted based on that.

4.4. In line with section 18.7 mentioned above, **Error! Reference source not found.** below was developed, and the definition of the columns is as follows:

i. Column 1 is the actual 2024/25 financial year 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 financial year revenues and electricity volume that are the base for 2026/27 tariffs. The figures were tested for reasonableness (since at the time of the approval, the figures were estimates) when NERSA considered and approved the 2026/27 cost of supply base tariffs. Once the financial year ends, the actual figures will be verified using the audited statements.
iii. Column 3 is for the licensee's submitted FY 2026/27 budgeted figures to be tested for reasonableness for determining tariffs for the control period under review.

iv. Column 4 is for NERSA's recommended adjustments after considering the reasons, facts, and evidence the licensee provided to motivate/justify the budgeted figures.
v. Column 5 is for NERSA's recommended amounts that sum up to allowable revenues the licensee must recover in FY 2026/27.

4.5. The total allowable revenue of R75 million is for the FY2025/26 tariff review and is based on the cost of supply revenue and the volumes used to determine the tariffs that were approved by NERSA, as shown in Table 5 below.

4.6. The COS study is applicable for five years; however, municipalities must reflect the adjustments on their cost drivers for the FY2026/27. 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 FY2026/27 tariff review process.

4.7. To determine the increase applicable for the 2026/27 financial year, the licensee submitted its 2026/27 financial year cost (budgeted cost plus surplus) as requested by NERSA, and total budgeted required revenue that amounted to R83 million for the FY2026/27 tariff review process.

Table 5: Municipality's Revenue Requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee
Sales	kWh	19 862 032,00	19 862 032	19 960 652
Eskom bulk purchases	kWh	25 871 843	25 871 843	22 896 005
Independent Power Producers Conventional	kWh	-	-	-
Independent Power Producers Renewable Energy	kWh	-	-	-
Self Generation	kWh	-	-	-
Other		-	-	-
Total Energy Requirements	**kWh**	**25 871 843**	**25 871 843**	**22 896 005**
Total Losses	kWh	6 009 811	6 009 811	2 935 353
Technical losses	kWh	3 104 621	3 104 621	2 747 521
Non-technical losses	kWh	- 2 905 190	- 2 905 190	- 187 832
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**
Total Energy losses	%	23,23%	23,23%	12,82%
Cost drivers				
Energy purchases from Eskom	Rand	62 144 072	47 240 444	51 826 135
other energy purchases		0,00	0,00	0,00
total energy purchases		**62 144 072**	**47 240 444**	**51 826 135**
Cost of technical losses	Rand	6 723 000	179 416	5 900 821
Non-Technical Losses		6 292 000	1 315 715	0,00
Other energy purchases	Rand	0,00	0,00	0,00
Capital expenditure	Rand	0,00	0,00	0,00
Operational expenditure (incl. Depreciati	**Rand**	**21 053 723,00**	**19 584 253,46**	**20 122 273,75**
Total Expediture before surplus		89 920 795	68 319 828	77 849 230
Surplus	Rand	- 1 439 388,89	6 831 982,82	7 784 922,97
Total Expenditure Including Surplus		88 481 406,11	75 151 810,99	85 634 152,72
Other revenues	Rand	**- 1 807 803,05**	**- 0,00**	**- 1 898 193,21**
Reconnection fees	Rand	0,00	0,00	0,00
New connections	Rand	114 889,13	0,00	120 633,59
Free Basic Electricity (Equitable share)	Rand	0,00	0,00	0,00
1.Interest earned	Rand	1 692 913,92	0,00	1 777 559,62
2. Other Revenue - Illegal Connections	Rand	0,00	0,00	0,00
Total Allowable Revenus	**Rand**	**86 673 603**	**75 151 811**	**83 735 960**
increase required				***11,42%***

4.8. It is important to test the efficiency and prudency of the costs in the 2025/26 financial year since this is the most recently considered revenue in support of the approved tariffs during this period. This forms the basis from 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 R51million, which accounts for 68% of total costs. This is inclusive of the 23.23% energy loss allowance in line with the Act that requires only prudently and efficiently incurred costs to be passed through to customers.

4.11. To calculate the 2026/27 estimate, the licensee projected the year-to-date amount for 2025/26 since complete financial year data is unavailable, then estimated 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 no NMD exceedance penalties were being charged. Furthermore, the municipality did not include Eskom interest charges on the outstanding account.

Operating Expenditure (including depreciation)

4.13. The licensee applied for operational expenditure, including depreciation, of R20 million, as highlighted in Table 5 above.

4.14. The municipality adjusted the expenditure linked to the FY2025/26 tariffs, increasing it from R19 million to a budgeted amount of R20 million, reflecting growth of 2.6%.

Surplus

4.15. The licensee applied for a surplus of R7 million which is based on a 6% return on operating expenditure (OPEX) including bulk purchases.

4.16. To ensure that the profit margin is commensurate with the risk, risk considerations were incorporated qualitatively, including:

a) revenue collection risks (non-payment, indigence levels, bad debt);

b) operational risks (energy losses, ageing infrastructure); and

c) financial sustainability requirements.

4.17. Therefore, the applied surplus margin is considered modest and commensurate with these risks, particularly for a municipal distributor that is not profit-maximising but must remain financially viable.

Conclusion on Costs to Serve

4.18. While the COS study outcome reflected an average tariff increase of 46% for the licensee to achieve full cost reflectivity, the municipality adopted a three-year phased-in approach to implement tariff increases. Some of the considerations for this decision include the licensee's requirement to maintain a sustainable tariff level to drive the demand for its electricity services.

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Block 4 (>600 kWh)	413.32	460.52	11.42%	460.52	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers.*

Domestic Prepayment Three Phase (<60 Amps)	**2025/26 Approved**	**2026/27 Recommended**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Block 1 (0–50) kWh	187.68	209.12	11.42%	209.12	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 2 (51–350) kWh	233.77	260.47	11.42%	260.47	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 3 (351–600kWh)	354.64	395.14	11.42%	395.14	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 4 (>600 kWh)	413.32	460.52	11.42%	460.52	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Domestic Demand Credit Metering (<60Amps)	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Block 1 (0–50) kWh	187.68	209.12	11.42%	209.12	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 2 (51–350) kWh	233.77	260.47	11.42%	260.47	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Block 3 (351–600kWh)	349.29	398.18	11.42%	398.18	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 4 (>600 kWh)	394.36	439.40	11.42%	439.40	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Basic Charge (R/month)	307.23	342.32	11.42%	342.32	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Domestic Demand 60 AMP+ (Credit metering)	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Block 1 (0–50) kWh	187.68	209.12	11.42%	209.12	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 2 (51–350) kWh	236.25	263.23	11.42%	263.23	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 3 (351–600kWh)	349.29	398.18	11.42%	398.18	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Block 4 (>600 kWh)	394.36	439.40	11.42%	439.40	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Basic Charge (R/month)	725.27	808.10	11.42%	808.10	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Commercial Tariffs

Commercial Prepaid Single Phase	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Energy Charge (c/kWh)	506.52	564.36	11.42%	564.36	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Commercial Prepaid Three Phase	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Energy Charge (c/kWh)	431.82	481.13	11.42%	481.13	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Commercial credit Small/Medium	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	898.35	1000.95	11.42%	1000.95	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Energy Charge (c/kWh)	369.70	411.74	11.42%	411.74	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Industrial Tariffs

Commercial Large	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	2 662.69	2 922.20	11.42%	2 922.20	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Energy Charge (c/kWh)	350.59	390.63	11.42%	390.63	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Demand Charge (R/kVA)	142.00	158.23	11.42%	158.23	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Agricultural Tariffs-0k

Agriculture (Farms)	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	883.84	984.78	11.42%	984.78	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Energy Charge (c/kWh)	341.41	380.40	11.42%	380.40	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Demand Charge (R/kVA)	140.87	156.96	11.42%	156.96	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Street Lightning	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	2 662.69	2 992.20	11.42%	2 992.20	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Energy Charge (c/kWh)	369.54	411.74	11.42%	411.74	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

Municipal Department	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	2 662.69	2 922.20	11.42%	2 922.20	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Energy Charge (c/kWh)	350.60	390.63	11.42%	350.60	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*
Demand Charge (R/kVA)	142.01	158.23	11.42%	158.23	11.42%	*The proposed increase of 11.42% is considered economically viable and strategically structured to maintain long-term affordability for consumers*

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 Senqu Local Municipality's tariff application for the 2026/27 financial year.

End.