NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

The Decision and Reasons for Decision

Subject: Umlalazi Local Municipality's Tariff Application for the 2026/27 Financial Year

---

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

by

Umlalazi Local Municipality

THE DECISION

At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered the Umlalazi Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year (FY) the decision is set out on the tariff analysis section 8 of the RFD
Based on the information submitted and the analysis conducted, the REC decided to:

1. approve the tariffs that are based on the Cost of Supply (COS) report as recommended in the tariff analysis section for implementation by the licensee with effect from 1 July 2026;
2. to note the COS report submitted by the licensee;
3. that the licensee must submit a report accounting for all the costs that have been noted in its COS study to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification/audit process by 30 January 2027; and
4. that the municipality must submit a quarterly progress report on efficiency improvement measures taken to reduce high energy losses and deficit for NERSA to monitor the implementation thereof by 30 September 2026.

_____

TABLE OF CONTENTS

THE DECISION ..... **Error! Bookmark not defined.**

TABLE OF CONTENTS 3

ABBREVIATIONS AND ACRONYMS ..... **Error! Bookmark not defined.**

1. INTRODUCTION ..... **Error! Bookmark not defined.**

2. LEGAL AND REGULATORY FRAMEWORK 8

3. Financial and technical performaNce ..... **Error! Bookmark not defined.**

4. DETERMINATION OF Umlalazi's TARIFFS BASED ON THE COST OF SUPPLY STUDy **Error! Bookmark not defined.**

4.7.1. Revenue Requirement ..... **Error! Bookmark not defined.**

4.7.2. Cost Functionalisation 19

4.7.3. Cost Classification ..... **Error! Bookmark not defined.**

4.7.4. Cost Allocation 20

4.7.5. Rate Design ..... **Error! Bookmark not defined.**

5. Conclusion on the COS 21

6. PUBLIC PARTICIPATION 24

7. THE OBJECTORS AND OTHER INTERVENING PARTIES 24

8. TARIFF ANALYSIS 26

9. CONFIDENTIALITY 28

10. CONCLUSION 28

LIST OF TABLES

Table 1: Summary of REC Decision	3
Table 2: Customer Statistics	10
Table 3: Performance Indicators	15
Table 4: Revenue Analysis	16
Table 5: Operational Expenditure	21
Table 6: Revenue Recovery by Customer Category	25
Table 7: Summary and Analysis of Stakeholder Comments	28

LIST OF FIGURES

Figure 1: Five Steps of COS 17
Figure 2: Revenue Requirement Components 20
Figure 3: Cost Breakdown by Functions 22
Figure 4: Cost Breakdown by Cost Structure (Classification) 22
Figure 5: Cost Allocation 23
Figure 6: Rate Design Dashboard 26

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
ULM	Umlalazi 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 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. NERSA received Umlalaz Local Municipality's tariff application together with its Cost of Supply (COS) study on 30 March 2026. The municipality revised its COS because of changes in Eskom tariffs.

1.3. The table below shows the customer statistics of Umlalazi Local Municipality. The data has been obtained from the 2024/25 Distribution forms (D-Forms).

Table 1: Customer Statistics

CUSTOMER STATISTICS			
Consumer classification	**Sales (MWh)**	**%MWh**	**Number of consumers**
Domestic (Pre-paid)	11 575	30,45%	4 282
Domestic (Conventional)	901	2,37%	103
Commercial (Pre-paid)	2 565	6,75%	690
Commercial (Converntional)	18 667	49,11%	320
Agriculture	65	0,17%	4
Manufacturing/Industrial	2799	7,36%	26
Street lighting and Own Use	1436	3,78%	N/A
Totals	**38 008**	**100%**	**5 425**

1.4. NERSA followed the notice and comment consultation process and also considered oral presentations. Umlalazi's tariff application was published on the NERSA website and social media platforms, as well as in local and national newspapers, on 31 April 2026 to solicit written comments from affected parties. The 232 comments received are shown and analysed in Table 6.

1.5. The application has been approved by the council and it went through the municipal public participation process.

1.6. NERSA's decision was made on 6 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1. The approval of municipal electricity tariffs constitutes a core regulatory function of 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 3 of 2000) ('PAJA'), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 ('EPP').

2.1.2. The approval of municipal electricity tariffs follows the Eskom Multi-Year Price Determination and Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually in order to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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

2.1.4. This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for the 2026/27 municipal financial year.

2.2. NERSA's Statutory Mandate

2.2.1. NERSA is established as a juristic person in terms of section 3 of the NERA. In terms of section 4 of NERA, the Energy Regulator, as the decision-making body, must regulate the electricity industry and perform the functions set out in the ERA.

The Energy Regulator'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 the Energy Regulator and are therefore subject to the tariff approval framework established under the ERA.

2.3. Tariff Determination Principles under the ERA

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

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

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

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

2.4. Administrative Law Requirements

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

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

2.5. Policy Framework: Electricity Pricing Policy (2008)

2.5.1. In addition to the statutory framework, the Energy Regulator must have regard to the EPP. The EPP establishes national policy principles for electricity tariff setting, including cost reflectivity, transparency, economic efficiency and equity.

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

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

2.6. Cost of Supply Studies

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

2.6.2. Paragraph 8.1 of the EPP notes that 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 2025/2026 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

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

2.7.4. NERSA subsequently launched a variation application which sought to vary the timelines which were set by the Court on 4 December 2025, considering the practical difficulties which arose 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
b) 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 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 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Umlalazi, the assessment relied on the 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. Umlalazi's electricity business operated at a percentage deficit of -10.36% in the 2024/25 financial year. The municipality indicated that the deficit is caused by bad debts, high energy losses and interest on Eskom debt.

3.3. The municipality operated at energy losses of 22.37% in the 2024/25 financial year. The municipality indicated that these high losses are caused by electricity theft. There is a serious electricity theft within the municipality and they have been increasing over the past three years. More revenue has been lost because of these high losses. The municipality has been encouraged to do a meter audit and install smart meters to deal with these high losses and reduce them to a 9% single digit.

Table 2: Performance Indicators

Indicators	**2023/24**	**2024/25**
Percentage Deficit/Surplus	-11.45	-10.36
Percentage Energy Losses	17.99	22.37

3.4. Based on the above information provided, it shows that Umlalazi's financial and technical performance are not satisfactory. This is indicated by a financial deficit and energy losses exceeding the 9% cap.

Table 3: Revenue Analysis

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	265,56		
Sales kWh	38 193 834,17	43 297 529,44	46 249 633,72
Purchases kWh	49 201 738,00	49 201 738,00	49 201 738,00
Losses kWh	11 007 903,83	5 904 208,56	2 952 104,28
Losses percentage	**22,37%**	**12,00%**	**6,00%**
Additional Energy (kWh)		5 103 695,27	8 055 799,55
Additional Revenue (Rands)		13 553 373,16	21 392 981,28
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Total Revenue (Rands)	R 113 296 286,90	R 126 849 660,06	R 134 689 268,18
Total Expenses (Rands)	R 125 034 425,64	R 125 034 425,64	R 125 034 425,64
Net Profit (Loss)	R -11 738 138,74	R 1 815 234,42	R 9 654 842,54
Percentage Surplus/Deficit	**-10,36%**	**1,43%**	**7,17%**

3.5. The table above indicates that if the municipality can reduce its losses to a single digit and improve the collection of revenue, it can achieve a better financial performance. The energy losses are the main cause of poor financial performance within the Electricity Department of the municipality.

4. DETERMINATION OF UMLALAZI LOCAL MUNICIPALITY'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

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

4.2. Umlalazi 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 the 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. Figure 1 below details the five steps considered in the determination of the COS study.

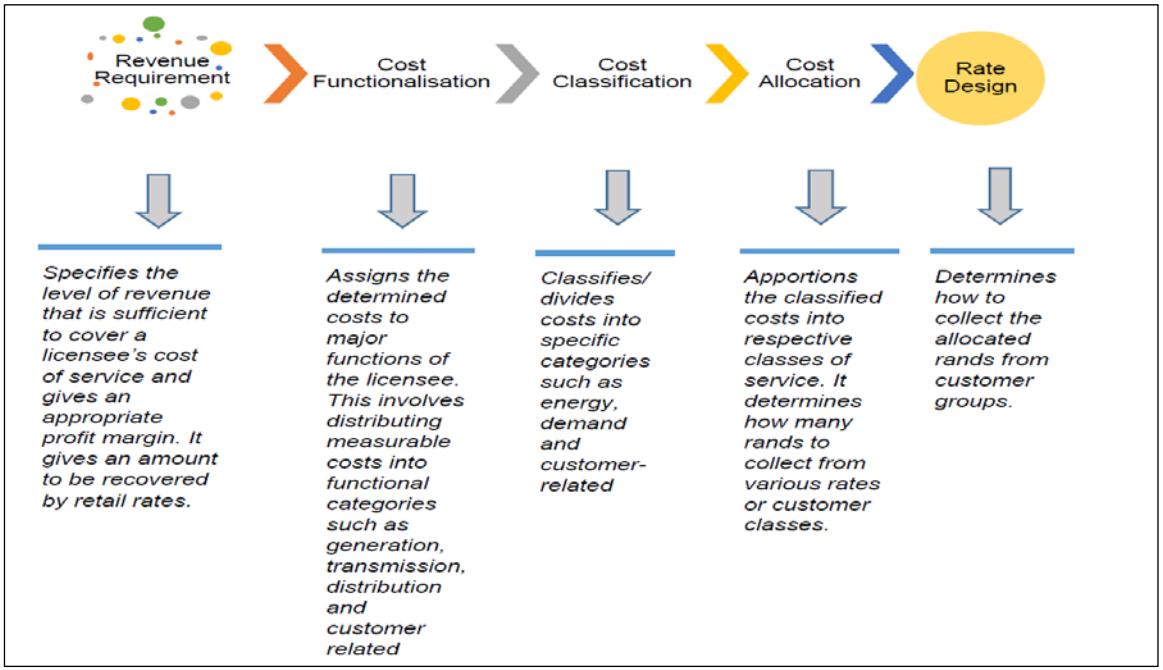


Figure 1: Five Steps of COS

4.4. Section 18.7 of the COS Framework requires that tariff adjustments:

4.4.1. be informed by cost of supply outcomes;

4.4.2. progressively move tariffs towards cost-reflectivity; and

4.4.3. be implemented in a structured and transparent manner, including phased adjustments where required.

4.5. In consideration of the tariff application, the licensee has considered and applied these requirements as follows:

4.5.1. The tariff application is based on a COS model incorporating financial, technical, and customer data inputs.

4.5.2. Bulk purchase costs were updated using the approved 9.01% Eskom bulk tariff adjustment.

4.5.3. Controllable electricity OPEX costs were adjusted using CPI-linked assumptions.

4.5.4. Adjustments were supported by source documents and reasonability checks (D-Forms, Trial Balance and AFS).

4.6. This ensures that tariff adjustments are grounded in cost-reflective principles.

4.6.1. The licensee has proposed a phased implementation over three financial years to achieve full cost recovery.

4.6.2. This approach aligns with section 18.7, which allows for gradual tariff realignment to mitigate tariff shocks and maintain affordability for vulnerable customer groups.

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

4.7.1. Revenue Requirement

4.7.1.1. The revenue requirement step specifies the level of revenue that is sufficient to cover a licensee's cost of service and appropriate margin. It indicates the amount to be recovered from the approved tariffs.

4.7.1.2. To be fully cost reflective, the licensee's revenue requirement is R138 647 081.00 for the 2026/27 financial year. This revenue requirement is dominated by Eskom purchases, accounting for 68%, while operational expenditure accounts for 21%.

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	50 420 518	117 074 619	138 647 081	100%
Energy purchases from Eskom - net of cost of losses	-	93 752 612	93 752 612	68%
Energy purchases from Eskom - cost of losses	6 386 205	7 761 772	14 147 976	10%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%

Operational expenditure (incl. Depreciation)	21 339 421	7 508 636	28 848 057	21%
Other revenues	**-707 700**	**-189 000**	**-896 700**	**-1%**
Surplus	2 063 172	731 964	2 795 136	2%
Not allowable costs	2 644 491	7 354 724	9 999 215	
Cost of losses disallowed	2 644 491	7 354 724	9 999 215	
TOTAL COSTS	**53 065 010**	**124 429 343**	**148 646 296**	
	16%	**84%**		

Table 4: Revenue Requirement Components

4.7.1.3. 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.

4.7.1.4. 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 made accordingly, as detailed below.

Bulk Purchases

4.7.1.5. Umalalazi submitted an application for bulk purchase expenditure amounting to R93 752 612.00, representing 68% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year.

4.7.1.6. To derive the 2026/27 bulk purchase estimate, the 2025/26 COS amount was escalated by 9.01%, which is consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

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

4.7.1.8. Umlalazi has applied for operational expenditure totalling R28 848 057, representing 21% of overall costs, as reflected in Table 5 below.

Table 5: Operational Expenditure

Functions	Total
Depreciation	4 130 292.00
Network R&M	17 727 132.00
Other Expenses	6 990 634.00
Total	28 848 057.00

4.7.1.9. The approach adopted by Umlalazi in forecasting operational expenditure is considered reasonable, and the amount has therefore been approved as requested. However, inefficient cost components – such as notified maximum demand exceedance penalties and interest incurred on Eskom-related debt – have been excluded from the total, as these items fall within the municipality's control.

Surplus

4.7.1.10. Umlalazi has requested a surplus of R27 95136.00, calculated using a surplus factor of 2% applied to operating expenditure, inclusive of bulk purchases, for both the wires and retail components of the business.

4.7.1.11. The return proposed by Umlalazi does not fall within the established target range of 10–20%. The municipality indicated that it will achieve it gradually. Consequently, the requested amount has been approved as applied for.

4.7.1.12. The decision to approve the revenue requirement as submitted will be applied in the subsequent stages, namely Cost Functionalisation, Cost Classification, Cost Allocation, and Rate Setting. These stages have been verified and confirmed to align with the approved revenue requirement. Further details are these stages are provided below.

4.7.1.13. The risk associated with the surplus is the energy losses. The municipality is losing a lot of revenue because of high energy losses, currently the losses are at 22%. The poor collection rate is also a risk in this municipality; another risk is the issue of bad debts.

4.7.2. Cost Functionalisation

4.7.2.1. The licensee has categorised its revenue requirement of R138 647 081.00 into two primary functional components, namely the wires business (36%) and the retail business (84%), in accordance with the NERSA COS Framework, as illustrated in Figure 2 below. On verification, the allocation of costs to these functional components is consistent with the stated revenue requirement.

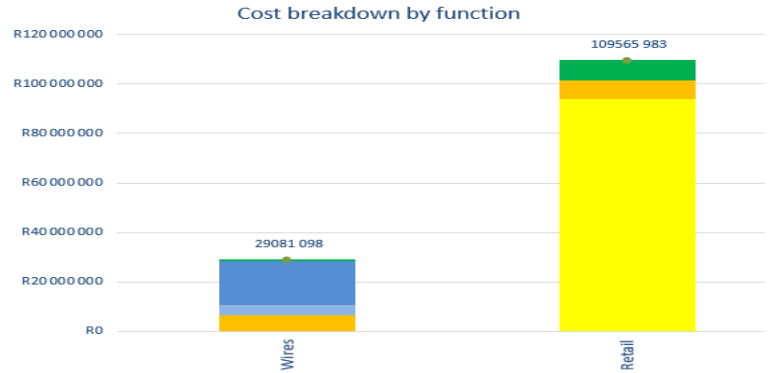


Figure 2*:* Cost Breakdown by Functions

4.7.2.2. These costs, on verification, are consistent with the approved revenue requirements. Network repairs and maintenance are the predominant cost drivers in the wires business, while energy purchases are the primary cost driver in the retail business.

4.7.3. Cost Classification

4.7.3.1. The licensee 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 functionalisation on verification.

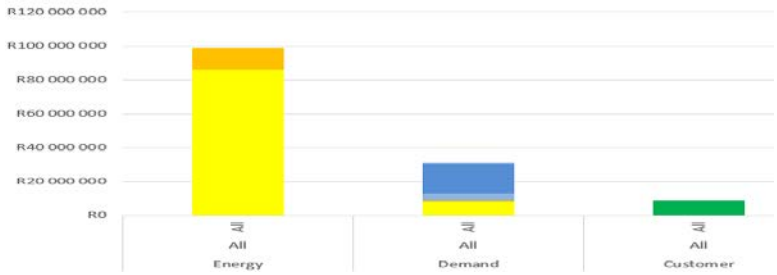


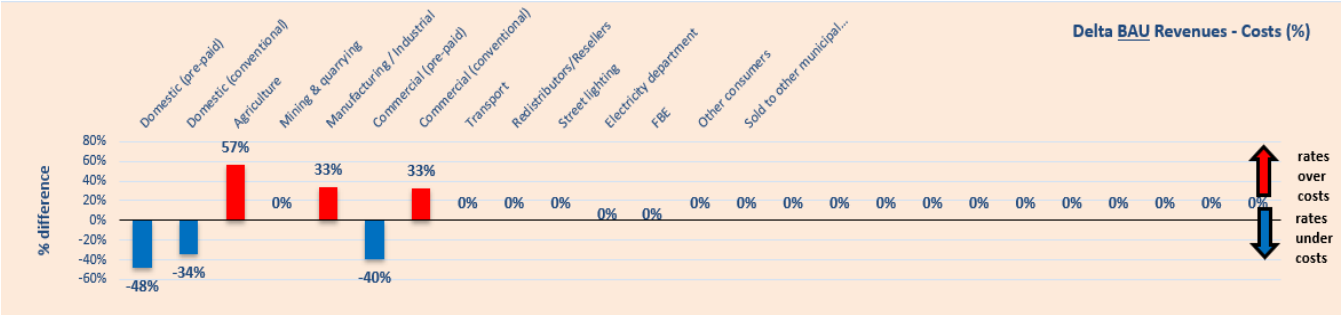
Figure 3*: Cost Breakdown by Cost Structure (Classification)*

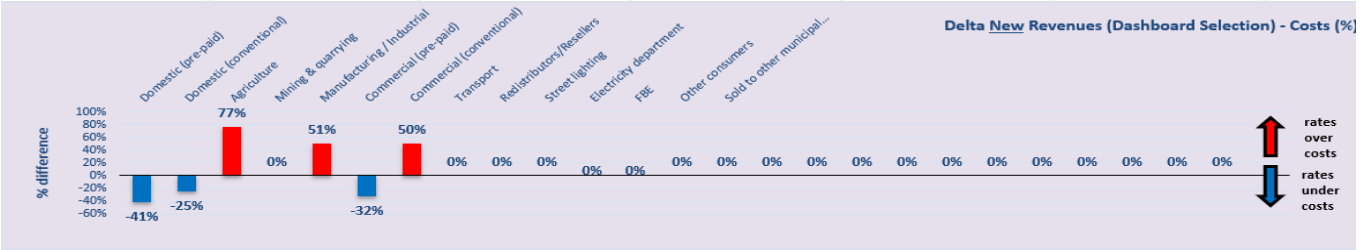
4.7.3.2. Energy purchases constitute energy-driven costs, with the highest expenditure incurred during the summer period under the standard time-of-use structure, largely due to the longer duration of the summer season. Demand-driven costs are similarly concentrated in the summer period. Customer-driven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

4.7.4. Cost Allocation

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

Figure 4: Revenue Recovery by Customer Category





5. CONCLUSION ON THE COS

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

5.2. This approach may be informed by a range of considerations, including the need to maintain tariff sustainability to support ongoing demand for electricity services. Excessive tariff increases may adversely affect consumption levels, thereby impacting revenue stability.

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

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

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

5.6. The COS study results indicate a required increase of 13% and a 10% for Umlalazi Local Municipality to reach a cost-reflective tariffs, as illustrated in Figure 4 below. The municipality applied for 13%. It is recommended that 10.00% average increase be approved as per the COS study and for customer protection. Based on the available information, the municipality is expected to remain financially sustainable under the proposed 10.00% tariff increase. The municipality should recover the revenue that has been lost as a result of the 22% high electricity losses.

Results BEFORE phasing

	Cost of supply (ESKOM invoices plus D-Forms)		
	BAU	**CTS (net of subsidies)**	**New rates (Dashboard selection)**
Total revenue forecast (with new rates)	117 528 708	129 749 144	**132 807 440**
		Delta =	3 058 296
Average increase in rates	**13%**		
Average increase in rates to reach overall cost-reflectivity	10%		
Share of total cost recovered with the new rates	**102.4%**		
Share of total costs recovered (existing rates)	**90.6%**		

Page 24 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation, objections or comments, which names members of the public. We do not republish it.

The whole decision is on NERSA's website: https://www.nersa.org.za/file/9210/Umlalazi-RFD.pdf

Page 25 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation, objections or comments, which names members of the public. We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9210/Umlalazi-RFD.pdf

Page 26 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation, objections or comments, which names members of the public. We do not republish it.

The whole decision is on NERSA's website: https://www.nersa.org.za/file/9210/Umlalazi-RFD.pdf

Commercial Conventional Three-Phase	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	1 940.56	13.00	*2 192.84*	*2 134.62*	*10.00*	*It is recommended that the tariffs be limited to 10.00% for customer protection.*
Energy Charge *c/kWh*	331.29	13.00	*374.36*	*364.42*	*10.00*	

Industrial 1	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	1 107.31	13.00	*1 251.26*	*1 218.04*	*10.00*	*It is recommended that the tariffs be limited to 10.00% for customer protection.*
Energy Charge *c/kWh*	180.15	13.00	*203.57*	*198.17*	*10.00*	
Demand Charge (R/kvA)	456.70	13.00	*516.07*	*502.37*	*10.00*	

Industrial 2	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Basic Charge (R/month)	13 808.46	13.00	15 603.56	15 189.31	*10.00*	*It is recommended that the tariffs be limited to 10.00% for customer protection.*
Energy Charge *c/kWh*	180.15	13.00	203.57	198.17	*10.00*	
Demand Charge (R/kvA)	449.24	13.00	*507.64*	*494.16*	*10.00*	

Availability Charge	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Basic Charge *c/kWh*	*643.72*	*13.00*	*727.40*	*708.09*	*10.00*	*It is recommended that the tariffs be limited to 10.00% for customer protection.*

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 consider the review of Umlalazi Local Municipality's tariff application for the 2026/27 financial year.

End.