NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Raymond Mhlaba Local Municipality

THE DECISION

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

Table 1: Summary of the REC decision

Tariff Category	**2026/27 Approved % Increase**
Domestic 20A Prepaid & conventional	11.8%
Domestic Prepaid and conventional ≤ 20A	11.8%
Domestic prepaid& conventional >20A	11.8%
Commercial prepaid and conventional >20A	11.8%
Commercial Conventional	11.8%
Commercial Industrial conventional	11.8%
Streetlights	11.8%

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) study, as recommended in the tariff analysis section, for implementation by the municipality with effect from 1 July 2026;
2. to note the COS study submitted by the municipality;
3. that the municipality must submit a report accounting for all the costs identified in its COS study to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification or audit process by 31 January 2027; and
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.

TABLE OF CONTENTS

THE DECISION....1
TABLE OF CONTENTS....3
ABBREVIATIONS AND ACRONYMS....5
1. INTRODUCTION....6
2. LEGAL AND REGULATORY FRAMEWORK....7
3. FINANCIAL AND TECHNICAL PERFORMANCE....11
4. DETERMINATION OF Raymond MHLABA's TARIFFS BASED ON THE COS STUDy....13
5. PUBLIC PARTICIPATION....16
6. THE OBJECTORS AND OTHER INTERVENING PARTIES....16
7. TARIFF ANALYSIS....17
8. CONFIDENTIALITY....22
9. CONCLUSION....22

LIST OF TABLES

Table 1: Summary of the REC decision 1
Table 2:Customer statistics 6
Table 3:Energy loss analysis..... 12
Table 4: Performance indicators 12
Table 5: Municipality's Revenue Requirement 14

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
RM	Raymond Mhlaba
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 annually, in accordance with its mandate to regulate prices and tariffs. Municipal tariffs must be approved by the Energy Regulator to be implemented on 1 July of each financial year.

1.2. The Raymond Mhlaba Local Municipality (Raymond Mhlaba) is located in the Eastern Cape. The municipality is made up mostly of domestic customers, who account for 64.75% of total electricity sales. The municipality provides its indigent customers with 50kWh of Free Basic Electricity (FBE) per month. The municipality further reported that it maintains an indigent register. The details regarding customer statistics are highlighted in Table 2 below.

Table 2:Customer statistics

CONSUMER STATISTICS (OBTAINED FROM 2024-2025 DISTRIBUTION FORMS)			
Consumer Classification	**Sales (KWh)**	**%KWh**	**Number of Consumers**
Domestic (Prepaid)	23 101 332	60,54%	50 123
Domestic (Conventional)	1 608 249	4,21%	47
Manufacturing/ Industrial	7 045 533	18,46%	44
Commercial (Prepaid)	1 916 182	5,02%	89
Commercial (Conventional)	3 386 343	8,87%	156
Municipal Consumption	100 000	0,26%	5
Street Lighting	1 000 000	2,62%	
TOTAL SALES	38 157 639	100,00%	50 464
Free Basic Electricity (FBE)	**6 856 302**	**27,75%**	**8 211**

1.3. NERSA received Raymond Mhlaba's tariff application and its cost of supply (COS) study on 31 March 2026.

1.4. Raymond Mhlaba implemented a 15.9% average price increase in the 2025/26 financial year (FY) and is applying for an average price increase of 11.8% for the 2026/27FY.

1.5. NERSA followed the notice and comment consultation process. Raymond Mhlaba's tariff applications were published on the NERSA website on 31 March 2026, and notices were published on social media platforms and in national and local newspapers to solicit written comments from affected parties.

1.6. NERSA's decision was made on 4 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1 The approval of municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives and court orders. The principal legal instruments governing the exercise of this regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004) (NERA), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended ('the ERA'), the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 (EPP).

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

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

2.1.4 This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for the 2026/27 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 NERA. In terms of section 4 of NERA, the Energy Regulator, as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by the ERA. Section 3 of the ERA particularly provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.2.2 In particular:

a) section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions;

b) section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs; and
c) section 14(1)(d) of the ERA authorises the Energy Regulator to impose 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 Therefore, public participation processes conducted by the Energy Regulator form an essential component of the municipal tariff approval process and are intended to ensure transparency, accountability and fairness in regulatory decision-making.

2.5. Policy Framework: Electricity Pricing Policy (2008)

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

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

2.5.3 Policy Position 2 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 requires electricity distributors to undertake COS studies at least every five years, or when significant structural changes occur in the customer base or cost structure.

2.6.4 Such studies must be conducted in accordance with the methodology approved by NERSA and must accompany tariff structure applications submitted to 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 financial year municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

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

2.7.4 NERSA subsequently launched a variation application seeking to vary the timelines set by the Court on 4 December 2025, in light of 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 timelines below are applicable in respect of the 2026/27 municipal tariff approvals:

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

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

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

2.9. Conclusion

2.9.1 The determination of municipal electricity tariffs by the Energy Regulator must be undertaken within a comprehensive regulatory framework consisting of the NERA, ERA, PAJA, EPP and the binding judicial directives issued by the High Court in AfriForum NPC v NERSA (Case No. 2025/137620).

2.9.2 The reasons that follow in this 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 2026/27 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Raymond Mhlaba, 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 tariff analysis.

3.2. The municipality recorded a 32.61% surplus for the 2024/25 financial year, reflecting a significant turnaround from the 41.11% deficit reported in the 2023/24 financial year. This surge is primarily attributed to a one-time R99.8 million Eskom debt waiver. Excluding this write-off, the municipality would have operated at a 24.08% deficit. While this still represents a shortfall, it indicates a notable underlying improvement from the previous year's 41% deficit.

3.3. Despite this progress, the municipality faces ongoing financial strain due to high energy losses. Electricity revenue remains under pressure from significant bulk purchase costs and bad debts, which together account for 81% of total expenditure.

3.4. Table 4 below shows that energy losses reached 22.39% in the 2024/25 financial year, reflecting a slight increase from the 21.49% recorded in the 2023/24 financial year. These losses stem from both technical and administrative factors.

a) Technical losses are inherent to the physical distribution network and occur during the delivery of electricity. These include:

- conductor losses within the power lines;
- transformer core losses during voltage conversion; and
- energy consumption by potential and current coils within metering equipment

3.5. The municipality has implemented the following strategies to reduce high energy losses:

a) Gradual replacement of infrastructure: Poor-performing and hazardous equipment is replaced incrementally.

b) Routine inspections: Run-to-failure equipment will be subject to regular inspections to minimise unplanned outages and losses.

c) Quarterly analysis: Zero-buyers and blind vending transactions will be analysed quarterly to identify irregularities.

d) Community awareness: Educational campaigns on the dangers and consequences of vandalism and illegal connections will be conducted.

e) Smart meter roll-out: The municipality is actively lobbying for funding to expand the smart metering project.

f) RT29 smart meter project: The municipality is currently benefiting from the RT29 project, which will see the replacement of 3,000 outdated meters with smart meters.

Table 3:Energy loss analysis

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	246,33		
Sales kWh	38 157 640,00	43 266 171,52	46 216 137,76
Purchases kWh	49 166 104,00	49 166 104,00	49 166 104,00
Losses kWh	11 008 464,00	5 899 932,48	2 949 966,24
Losses percentage	**22,39%**	**12,00%**	**6,00%**
Additional Energy (kWh)		5 108 531,52	8 058 497,76
Additional Revenue (Rands)		12 583 845,69	19 850 497,53
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Total Revenue (Rands)	R 7 732 582,00	R 20 316 427,69	R 27 583 079,53
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 3 603 495,69	R 10 870 147,53
Percentage Surplus/Deficit	**-116,14%**	**17,74%**	**39,41%**

3.6. The municipality has high energy losses of 22.39%, which significantly undermines its financial sustainability

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

a) improve net revenue by approximately R12.58 million; and

b) operate at a surplus of 17.74%

3.7. If losses were capped at 6%, the municipality would:

a) improve net revenue by approximately R19 million; and

b) operate at a surplus of 39.41%

Table 4: Performance indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	32,61%	-41,11%
Percentage Energy Losses	22,39%	21,49%

3.8. The municipality must monitor the strategies implemented to reduce losses and ensure they remain within acceptable tolerance levels.

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

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 included all requirements of the NERSA COS Framework (i.e. revenue requirement, cost functionalisation, cost classification, cost allocation and rate setting).

4.2. Policy position 23 states:

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 October 2023 NERSA COS Framework states:

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, Table 5 below was developed, and the definition of the columns is as follows:

i. Column 1 is the actual 2024/25 licensee performance and is sourced from the D-forms that are based on the audited annual statements.
ii. Column 2 is for the 2025/26 revenues and electricity volume that are the base for the 2026/27 tariffs. The figures were tested for reasonableness (since at the time of approval, the figures were estimates) when NERSA considered and approved the 2026/27 COS 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 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 the evidence the licensee provided to motivate or justify the budgeted figures.
v. Column 5 is for NERSA's recommended amounts that sum up to the allowable revenues the licensee must recover in 2026/27.

4.5. The total allowable revenue of R173 million is for the 2025/26 tariff review and is based on the COS revenue and the volumes used to determine the tariffs that were approved by the Energy Regulator, as shown in Table 5 below.

4.6. The COS study is applicable for five years; however, municipalities need to reflect

the adjustments on their cost drivers for FY2026/27. NERSA used the budgeted figures submitted by the licensee to check the reasonableness, as well as the licensee's current operational requirements, to ensure that municipalities do not over- or under-recover during the 2026/27 tariff review process.

4.7. To determine an increase applicable for the 2026/27 financial year, the licensee submitted its 2026/27 cost (budgeted cost plus surplus) as requested by NERSA, and the total budgeted required revenue that amounted to R193 million for the 2026/27 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	38 157 639	44 224 704	49 589 672
Eskom bulk purchases	kWh	49 166 104	53 099 392	59 968 754
Independent Power Producers Conventional	kWh		-	-
Independent Power Producers Renewable Energy	kWh		-	-
Self Generation	kWh		-	-
Other			-	-
Total Energy Requirements	**kWh**	**49 166 104**	**53 099 392**	**59 968 754**
Total Losses	kWh	11 008 465	8 874 689	10 379 082
Technical losses	kWh	5 899 932	6 371 927	7 196 250
Non-technical losses	kWh	-5 108 533	-2 502 762	-3 182 832
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**
Total Energy losses	%	22,39%	16,71%	17,31%
Cost drivers				
Energy purchases from Eskom	Rand	**105 311 289**	105 411 232	101 342 036
other energy purchases			-	-
total energy purchases		**105 311 289**	**105 411 232**	**101 342 036**
Cost of technical losses	Rand			
Non-Technical Losses				
Other energy purchases	Rand			
Capital expenditure	Rand			
Operational expenditure (incl. Depreciation)	**Rand**	**88 024 403**	**90 278 547**	**115 555 436**
Total Expediture before surplus		193 335 693	195 689 779	216 897 472
Surplus	Rand	22 077 779	1 000 000	1 300 000
Total Expenditure including Surplus		215 413 472	196 689 779	218 197 472
Other revenues	Rand	**-320 023**	**-23 398 587**	**-24 217 537**
Reconnection fees	Rand	41 323	43 389	44 907
New connections	Rand	278 700	292 636	302 878
Free Basic Electricity (Equitable share)	Rand			
1.Interest earned	Rand	21 964 345	23 062 562	23 869 752
2. Other Revenue - Illegal Connections	Rand	0	0	0
Total Allowable Revenus	**Rand**	**215 093 448**	**173 291 192**	**193 979 935**
increase required				***11,94%***

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 revenues in support of the approved tariffs during this period. This forms the basis on which costs for the 2026/27 financial year will be projected using assumptions to calculate revenue requirements for that year.

4.9. Furthermore, NERSA has verified all expense items included in the revenue requirement to ensure that they relate only to the electricity function of the licensee. 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 R101 million, which accounts for 58% of total costs, inclusive of the 16.71% energy loss allowance. This is in line with the act that requires only the prudently and efficiently incurred costs to be passed through to customers.

4.11. To arrive at the 2026/27 estimate, the licensee projected the year-to-date amount for 2025/26, since complete financial year data is unavailable, and 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 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 R115 million, as highlighted in Table 5 above.

4.14. The municipality adjusted the expenditure linked to the 2025/26 tariffs, increasing it from R90 million to a budgeted amount of R115 million, reflecting 21.87% growth.

Surplus

4.15. The licensee applied for a surplus of R13 million, which is based on a 6% return on 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.

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Domestic Prepaid & Conventional ≤ 20A	2025/26 Approved Tariff	2026/27 Proposed Tariff	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Block 1 (0-50 kWh)	180.40	201.69	11.8%	201.69	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Block 2 (51 – 350 kWh)	230.70	257.96	11.8%	257.96	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Block 3 (351 – 700 kWh)	326.43	364.95	11.8%	364.95	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Block 4 (700 - 1000 kWh)	377.85	422.43	11.8%	422.43	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.

Domestic Prepaid & Conventional >20A	2025/26 Approved Tariff	2026/27 Proposed Tariff	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Block 1 (0-50 kWh)	180.40	201.69	11.8%	201.69	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Block 2 (51 – 350 kWh)	230.70	257.96	11.8%	257.96	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Block 3 (351 – 700 kWh)	326.43	364.95	11.8%	364.95	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Block 4 (700 - 1000 kWh)	377.85	422.43	11.8%	422.43	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Basic Charge R/month)	217.05	242.66	11.8%	242.66	11.8%	A proposed 11.8% increase is recommended, as it balances customer

						affordability with the long-term financial sustainability of the municipality.

Commercial Tariffs

Commercial Prepaid & conventional >20A	2025/26 Approved Tariff	2026/27 Proposed Tariff	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Energy charge: c/kWh	329.03	367.85	11.8%	367.85	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.

Commercial Conventional	2025/26 Approved Tariff	2026/27 Proposed Tariff	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge: R/month	329.03	367.85	11.8%	367.85	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Energy charge: c/kWh	1 033.12	1 155.03	11.8%	1 155.03	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.

Industrial Tariffs

Commercial Conventional	2025/26 Approved Tariff	2026/27 Proposed Tariff	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Basic Charge: R/month	930.98	1 040.73	11.8%	1 040.73	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Energy charge: c/kWh	265.24	296.54	11.8%	296.54	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.
Demand Charge (R/kVA)	347.65	388.68	11.8%	388.68	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality.

Streetlights	2025/26 Approved Tariff	2026/27 Proposed Tariff	% Increase	Recommended Tariff	Recommended % Increase	Analysis and Key Findings
Energy charge: c/kWh	329.03	367.85	11.8%	367.85	11.8%	A proposed 11.8% increase is recommended, as it balances customer affordability with the long-term financial sustainability of the municipality

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 Raymond Mhlaba's tariff application for the 2026/27 financial year.

End.