NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Witzenberg Local Municipality

THE DECISION

1. At its meeting held on 30 April 2026, the Regulator Executive Committee (REC) considered Witzenberg 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) as set out on the tariff analysis section 8 on page 21 of the Reasons for Decision document.

2. Based on the information submitted and the analysis conducted, the REC decided:
   2.1. 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;
   2.2. to note the COS study submitted by the Municipality; and
   2.3. 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 to perform its independent verification/audit process by 31 January 2027.

Table of Contents

THE DECISION....1
ABBREVIATIONS....5
1. INTRODUCTION....6
2. LEGAL AND REGULATORY FRAMEWORK....7
3. FINANCIAL AND TECHNICAL PERFORMANCE....11
4. DETERMINATION OF Witzenberg's TARIFFS BASED ON THE COST OF SUPPLY STUDY....12
4.4.1. Revenue Requirement....13
4.4.2. Cost Functionalisation....16
4.4.3. Cost Classification....16
4.4.4. Cost Allocation....17
4.4.5. Rate Design....18
5. Conclusion on the COS....19
6. PUBLIC PARTICIPATION....20
7. OBJECTORS AND OTHER INTERVENING PARTIES....20
8. TARIFF ANALYSIS....21
9. CONFIDENTIALITY....52
10. CONCLUSION....52

List of Tables

Table 1: Customer Statistics (Data obtained from the latest D-forms – 2024/25) 6
Table 2: Performance indicators 12
Table 3: Revenue Requirement components 13
Table 4: Costs breakdown by Functions 16
Table 5: Costs Allocated 18

LIST OF FIGURES

Figure 1: Fives steps of COS..... 13
Figure 2: Costs breakdown by cost structure (Classisfication) 17
Figure 3: Revenue Recovery by customer category……..19
Figure 4: Rate Design……..20

ABBREVIATIONS

AFS	Annual Financial Statements
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 the mandate of the Energy Regulator to regulate prices and tariffs. Municipal tariffs must be approved by the Energy Regulator to be implemented on 1 July of each financial year.

1.2. Witzenberg is situated in the Western Cape. The Municipality is made up mostly of manufacturing customers, which consume 54.88% of the 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 1 below.

Table 1: Customer Statistics (Data obtained from the latest D-forms – 2024/25)

Customer categories	***MWh***	***% MWh***	***Customer numbers***
Domestic Prepaid	32 636	18.85	12 736
Domestic Conventional	8 238	4.76	1 366
Agriculture	16 570	9.57	142
Manufacturing	95 027	54.88	47
Commercial	15 584	9.00	305
Streetlights	2 385	1.38	0
Sold to other departments	2 714	1.57	72
TOTAL	**173 154**	**100**	**14 668**
[1]FBE	2 148	7%[2]	3 580

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

1.4. Witzenberg implemented an 11.32% average price increase in 2025/26 financial year and is applying for an average price increase of 12.82% for the 2026/27 financial year.

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

[2] Percentage of Domestic MWh

1.5. For this application, the Municipality has indicated that tariff approval is subject to MFMA budget consultation process and that this process will be concluded by 30 May 2026.

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

1.7. NERSA's decision was made on 30 April 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

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

2.1.2. The approval of municipal electricity tariffs follows the Eskom Multi-year 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 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 ERA provides that the Energy Regulator must consider applications for licensees and may issue licenses subject to conditions;
b) section 4(a)(ii) of ERA provides that the Energy Regulator must regulate prices and tariffs; and
c) section 14(1)(d) of ERA authorises the Energy Regulator to impose license conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

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

2.3. Tariff Determination Principles under the ERA

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

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

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

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

2.4. Administrative Law Requirements

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

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

2.5. Policy Framework: Electricity Pricing Policy (2008)

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

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

2.5.3. Policy Position 2 provides that electricity tariffs must accurately reflect the efficient cost of rendering electricity services and that the average tariff levels must be set to recover the approved revenue requirement.

2.6. Cost of Supply Studies

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

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

2.6.3. Policy Position 23 therefore requires electricity distributors to undertake Cost of Supply studies at least every five years, or whenever significant structural changes occur in the customer base or cost structure.

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

2.7. Judicial Oversight of the Tariff Approval Process

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

2.7.2. In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process relating to the 2025/2026 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

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

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

2.8. Court-Directed Timelines

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

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

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

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

2.9. Conclusion

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

2.9.2. The reasons that follow in this Reasons for Decision document demonstrate how the Energy Regulator complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for the 2026/2027 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Witzenberg, the assessment relied on the Distribution forms (D-forms) for the 2024/25 financial year submitted as part of the Licensee's tariff application. The information contained in the D-forms was verified against the supporting source documents provided by the Municipality, including the Trial Balance and Annual Financial Statements. As a result, the data captured in the D-forms is considered reliable for the purposes of the tariff analysis.

3.2. Table 2 below indicates that Witzenberg's electricity business recorded a decline in percentage surplus from 5.38% in the 2023/24 financial year to -0.06% in the 2024/25 financial year. The decline is attributed to a 21% increase in the Eskom bulk purchases.

3.3. The energy losses slightly declined from 9.87% in the 2023/24 financial year to 9.02% in the 2024/25 financial year as highlighted in Table 2 below. The Municipality is encouraged to keep energy losses at low levels.

Table 2: Performance indicators

Performance indicators	***Municipality 2024/25 D-forms Information***	***Municipality 2023/24 D-forms Information***
Percentage surplus (deficit): (%)	-0.06	5.38[3]
Energy Losses: (%)	9.02	9.87

3.4. Based on the foregoing, the Licensee's electricity department reflects unsatisfactory financial and operational performance, as evidenced by the reported deficit. This deficit suggests weaknesses in financial management and cost recovery and indicates that the electricity service function is neither stable nor financially sustainable. The Municipality is, however, encouraged to maintain its current efforts in keeping energy losses at low levels.

4. DETERMINATION OF WITZENBERG'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

4.1. The process followed in considering and approving Witzenberg's tariff application was supported by a Cost of Supply study.

4.2. Witzenberg utilised the COS study model developed by Sustainable Energy Africa (SEA) to determine its revenue requirements for the 2026/27 financial year and to apportion costs required to service each customer's class in a fair and equitable manner. The study follows the NERSA COS framework and utilises the latest available audited data which is based on the 2024/25 financial year

4.3.

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

[3] Total Electricity Purchases divided by Total Expenditure

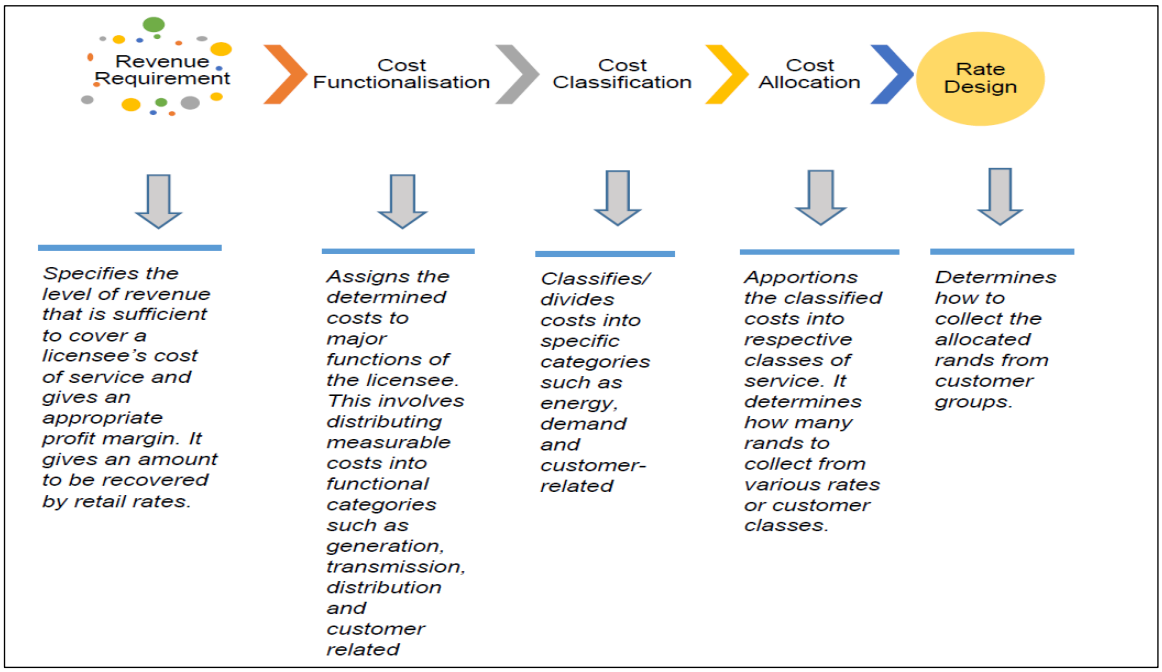


Figure 1: Fives steps of COS

4.5. The following steps are undertaken to analyse the Cost of Supply study:

4.5.1. Revenue Requirement

4.5.1.1. To be fully cost reflective, the Licensee's revenue requirement is R534 million for the 2026/27 financial year. This amount is primarily driven by Eskom purchases, which account for 90%, while operational expenditure makes up the remaining 10%, as highlighted in Table 3 below.

Table 3: Revenue Requirement components

	Total cost (R)			
Revenue Requirement components	Wires	Retail	Total	% of Total
Allowable costs	65 861 149	512 413 586	534 836 406	100%
Energy purchases from Eskom - net of cost of losses	-	408 664 286	408 664 286	76%
Energy purchases from Eskom - cost of losses	-	70 193 195	70 193 195	13%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	39 565 429	3 872 900	43 438 329	8%
Other revenues	**- 15 092 911**	**- 9 228 811**	**- 24 321 722**	**-5%**
Surplus	1 823 203	35 039 116	36 862 319	7%
Not allowable costs	-	-	-	
Cost of losses disallowed	-	-	-	
TOTAL COSTS	**65 861 149**	**512 413 586**	**534 836 406**	

4.5.1.2. The efficiency of costs for the 2024/25FY has been assessed, as this constitutes the most recent set of actual data. This assessment serves as the baseline for projecting costs for the 2026/27FY, applying stated assumptions to determine the revenue requirement for that period.

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

Bulk purchases

4.5.1.4. Witzenberg applied for bulk purchase expenditure amounting to R478 million, representing 90% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25FY.

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

4.5.1.6. The Eskom bills were analysed and there are no NMD exceedance penalties charged. Furthermore, the Municipality is up to date with its Eskom bulk account and therefore does not incur interest charges

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

Operational Expenditure

4.5.1.8. Witzenberg has applied for operational expenditure totalling R43 million, representing 8% of overall costs, as reflected in Table 3 above.

Depreciation

4.5.1.9. Depreciation is a key component of operational expenditure, as it enables the recovery of electricity infrastructure costs over the useful life of the assets. An adequate provision for depreciation is essential to ensure the long-term sustainability of the electricity undertaking and to facilitate the future refurbishment and replacement of aging network infrastructure.

4.5.1.10. The Municipality reported an asset value of R91 326 494, as reflected in it submitted audited D-forms for the FY2024/25. This amount was verified against the audited AFS, the trial balance and supporting financial information.

4.5.1.11. Depreciation amounted to R3 874 556 in FY2024/25 calculated using the straight-line method over the useful lives of the respective assets. This amount was extracted from the submitted 2024/25FY D-form and verified against the audited 2024/25FY AFS. The projected depreciation for FY2025/26 is R4 391 533 reflecting a growth of approximately 13%.

Surplus

4.5.1.12. The municipality applied for a surplus of R36 million which is based on a 7% return on OPEX including bulk purchases. The applied surplus was assessed against the municipality's financial performance, operational requirements, cost-reflectivity principles and the affordability impact on consumers.

4.5.1.13. The Energy Regulator notes that maintaining an appropriate level of surplus is necessary to mitigate financial and operational risks associated with the electricity business. An inadequate surplus may expose the municipality to risks such as:

4.5.1.13.1. insufficient cash flow to fund operations and maintenance activities;

4.5.1.13.2. deterioration of network infrastructure due to underinvestment;

4.5.1.13.3. increased reliance on borrowing or cross-subsidisation from other municipal functions;

4.5.1.13.4. inability to respond effectively to network failures and emergency repairs;

4.5.1.13.5. and weakening of the long-term financial sustainability of the electricity undertaking.

4.5.1.14. To ensure that the surplus is not excessive or detrimental to consumers, NERSA relied on section 15(1)(a) of ERA, which provides that tariffs must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return. In applying this provision, together with the COS methodology, NERSA is required to ensure that Swartland recovers efficiently and prudently incurred costs, including a reasonable return, while preventing excessive compensation

4.5.1.15. NERSA is satisfied that the surplus applied for by Witzenberg is reasonable and supports the financial sustainability of the electricity business, as it falls within the approved target range of 10% to 20% prescribed in the NERSA Cost of Supply (COS) Framework.

4.5.1.16. The applied surplus is considered proportionate to the risks associated with an inadequate surplus, particularly within the context of a municipal distributor that is not profit-maximising but is required to remain financially sustainable. Accordingly, NERSA has decided to approve the revenue requirement as applied for.

4.5.1.17. The decision to approve the RR 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 RR. Further details on these stages are provided below.

4.5.2. Cost Functionalisation

4.5.2.1. The Licensee has categorised its revenue requirement of R534 million into two primary functional components, namely the wires business (5%) and the retail business (95%), in accordance with the NERSA COS framework, as illustrated in Table 4 below. Upon verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

Table 4: Costs breakdown by Functions

Total Functionalised Costs (R)			
Functions	**Wires**	**Retail**	**Total**
Eskom Energy Purchase - excl. losses	-	408 664 286	408 664 286
Eskom Energy Purchase - cost of losses	-	70 193 195	70 193 195
Other Energy Purchase	-	-	-
CAPEX and return	-	-	-
Depreciation	4 391 533	-	4 391 533
Network repairs & maintenance	21 782 968	-	21 782 968
OPEX	121 220	29 683 205	29 804 425
Total	**26 295 720**	**508 540 686**	**534 836 406**
	5%	95%	

4.5.2.2. These costs, upon verification, are consistent with the approved revenue requirements. Network repairs and maintenance constitute the predominant cost drivers within the wires business, while energy purchases represent the primary cost driver within the retail business.

4.5.3. Cost Classification

4.5.3.1. 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 functionalization upon verification.

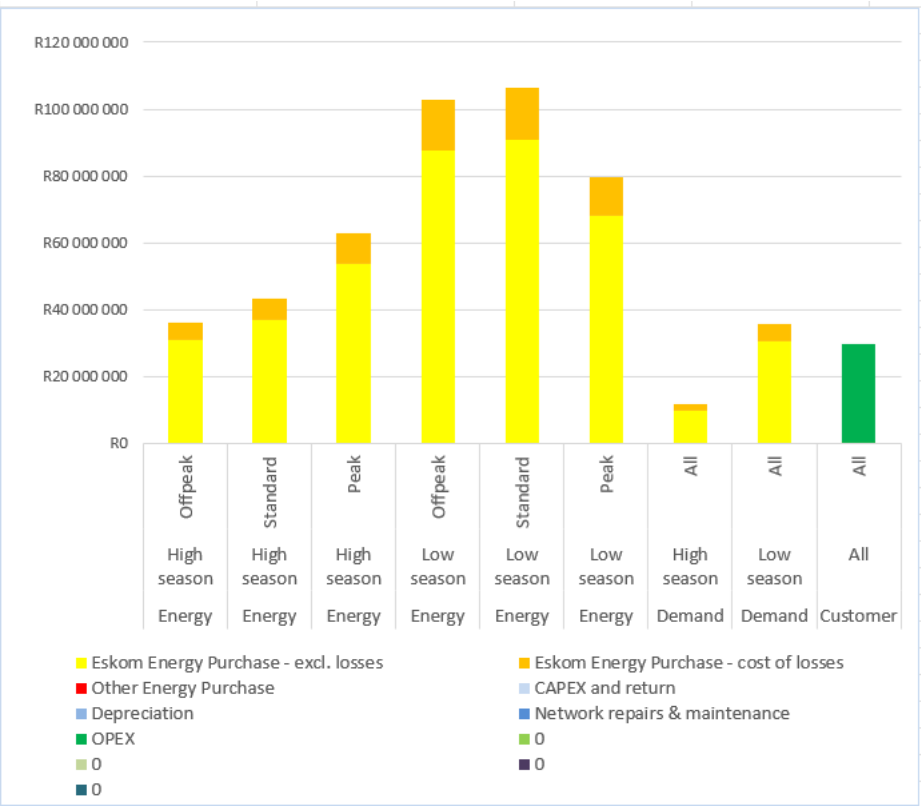


Figure 2: Costs breakdown by cost structure (Classification)

4.5.3.2. 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 the provision of electricity distribution services to customers.

4.5.4. Cost Allocation

4.5.4.1. In this step, the Licensee’s revenue requirement is allocated across customer categories, in accordance with the NERSA COS framework. Upon verification, the allocation is found to be consistent with the stated revenue requirement and aligned with the principles of cost allocation.

Table 5: Costs Allocated

	Total Energy	Total Demand	Total Customer	
	All	All	All	
	All	All	All	
Customer Categories				**Total**
Domestic (pre-paid)	116 183 074	22 178 660	9 118 651	147 480 385
Domestic (conventional)	35 784 785	6 831 103	1 344 493	43 960 381
Agriculture	13 440 395	1 947 401	2 848 333	18 236 129
Manufacturing / Industrial >1MVA	163 928 542	26 407 180	876 410	191 212 132
Manufacturing / Industrial < 1 MVA	10 436 902	1 512 220	398 368	12 347 491
Manufacturing / Industrial Landelik (TOU)	15 385 148	2 229 180	79 674	17 694 002
Commercial (conventional)	24 336 733	3 526 190	5 676 748	33 539 671
Manufacturing / Industrial greater Low Voltage	30 015 911	4 745 073	2 629 231	37 390 214
Manufacturing / Industrial Landelik (Normal)	-	-	-	-
Street lighting	9 196 193	1 755 499	1 852 413	12 804 104
Electricity department	-	-	-	-
FBE	-	-	3 565 396	3 565 396
Other consumers	-	-	-	-
Sold to other municipal departments	12 740 323	2 432 052	1 434 126	16 606 501
	431 448 005	**73 564 558**	**29 823 844**	**534 836 406**

4.5.4.2. The manufacturing/Industrial customer category carries the largest proportion of costs, followed by the domestic customers. Agricultural customers and street lighting result in the lowest proportion of costs.

4.5.4.3. Differences in the results between the customer categories are mainly driven by differences in voltage of connection point, load factors, coincidence factors and average specific consumption.

4.5.5. Rate Design

4.5.5.1. Figure 3 below reflects the outcome of the COS study, indicating that certain customer categories require upward adjustments, while others warrant decreases. A comparison between the Cost of Supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Figure 3 below.

4.5.5.2. To achieve full cost reflectivity, the Municipality would be required to implement differentiated tariff adjustments across customer categories. However, the Municipality has adopted a less aggressive approach, opting instead for a uniform tariff increase of 12.80% across all customer categories

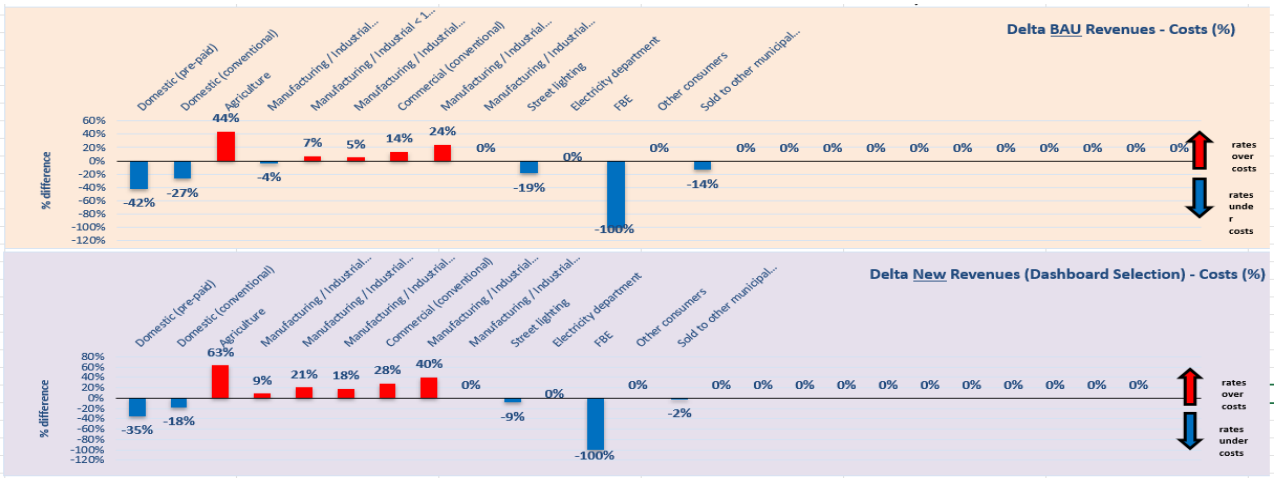


Figure 3: Revenue Recovery by customer category

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 consider 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 12.82% for the Municipality to reach cost reflectivity, as illustrated in Figure 4 below. The Municipality applying for 12.82% across its tariff categories to ensure that the electricity service is not operated at a loss as bulk purchases expenditure comprises of 90% of the electricity expenditure budget.

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INCLINING BLOCK TARIFFS (IBTs)						
2. Domestic Single Part Single Phase-credit	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Block 1 (0 - 600) c/kWh	202.76	228.75	12.82%	228.75	12.82%	The COS indicates that this customer category is under-recovering by approximately 27%. In this context, the proposed increases are justified, as they support a meaningful progression towards cost reflectivity. The inclusion of adjustments to the basic and capacity charges further strengthens the recovery of fixed network costs. The inclining block structure is maintained, ensuring that lower consumption levels remain relatively protected while higher consumption is priced at higher rates. Overall, the proposed tariff represents a balanced approach to addressing under-recovery while maintaining affordability considerations and can therefore be supported for approval.
Block 2 (>600) c/kWh	344.72	388.92		388.92		
Basic Charge (R/month)	117.96	133.08		133.08		
Capacity charge(R/Amp)	5.99	6.75		6.75		

INCLINING BLOCK TARIFFS (IBTs)						
3. Domestic Prepaid > 30 Amps	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Block 1 (0 - 600) c/kWh	252.00	284.31	12.82%	284.31	12.82%	The proposed tariff reflects a 12.82% increase and must be considered against the COS findings, which indicate a significant under-recovery of approximately 42% for this customer category. The proposed adjustments are therefore justified, as they represent a necessary step towards improving cost reflectivity. The inclining block structure is retained, ensuring that lower consumption remains relatively protected while higher consumption is charged at higher rates. While affordability concerns may arise, the increase reflects a gradual correction of the identified under-recovery. Accordingly, the proposed tariff can be supported for approval.
Block 2 (>600) c/kWh	432.00	487.38		487.38		

DETAILS OF TARIFFS APPLIED FOR						
INCLINING BLOCK TARIFFS (IBTs)						
4. Domestic Two-Part Three Phase-60Amp	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended% increase***	***Analysis and Key findings***
Block 1 (0 - 350) c/kWh	190.00	214.36	12.82%	214.36	12.82%	The COS indicates that this customer category is under-recovering by approximately 27%. In this context, the proposed increases are justified, as they support a meaningful progression towards cost reflectivity. The inclusion of adjustments to the basic and capacity charges further strengthens the recovery of fixed network costs. The inclining block structure is maintained, ensuring that lower consumption levels remain relatively protected while higher consumption is priced at higher rates. Overall, the proposed tariff represents a balanced approach to addressing under-recovery while maintaining affordability considerations and can therefore be supported for approval.
Block 2 (351-600) c/kWh	190.00	223.86	17.82%	223.86	17.82%	
Basic charge: R/month	144.39	162.91	12.82%	162.91	12.82%	
Capacity charge(R/Amp/Phase)	7.77	8.77		8.77		

5. Commercial Prepaid <=20Amp	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended% increase***	***Analysis and Key findings***
Energy charge (0-600) kWh	399.36	450.44	12.82%	450.44	12.82%	The proposed tariff reflects a 12.82% increase in the first energy block, with a corresponding increase in the higher consumption block. The adjustment is consistently applied across the IBT structure, maintaining the price differentiation between lower and higher consumption levels. The increases are considered reasonable in the context of rising bulk supply costs and support improved revenue recovery from this customer category. The inclining block structure is retained, ensuring that higher consumption is charged at a higher rate, thereby promoting efficient usage. Overall, the proposed tariff is considered appropriate and can be supported for approval.
Energy charge (>600) kWh	421.96	476.10		476.10		

6. Commercial Single Phase	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***

20A						
Basic Charge (R/month)	499.40	563.42	12.82%	563.42	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.
Energy charge (c/kWh)	319.50	360.45		360.45		
Capacity charge (R/Amp	7.78	8.78		8.78		

7. Commercial Single Phase	***2025/26 Approved***	***2026/27 Proposed***	***% increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***

40A						
Basic Charge (R/month)	877.16	989.61	12.82%	989.61	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.
Energy charge (c/kWh)	319.49	360.45		360.45		
Capacity charge(R/Amp)	7.78	8.78		8.78		

8. Commercial Single Phase 60A	***2025/26 Approved***	***2026/27 Proposed***	***% increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***

Basic Charge (R/month)	936.37	1 056.42	12.82%	1 056.42	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.
Energy charge (c/kWh)	319.49	360.45		360.45		
Capacity charge(R/Amp)	7.78	8.78		8.78		

9. Commercial Single Phase 80A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended% increase***	***Analysis and Key findings***
Basic Charge (R/month)	937.74	1 057.96	12.82%	1 057.96	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with

Energy charge (c/kWh)	319.49	360.45		360.45		corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.
Capacity charge(R/Amp)	7.78	8.78		8.78		

10. Commercial Single Phase 100A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 193.07	1 346.02	12.82%	1 346.02	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy
Energy charge	319.49	360.45		360.45		

(c/kWh)						and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.
Capacity charge(R/Amp)	7.78	8.78		8.78		

11. Commercial Single Phase 150A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 140.95	1 287.22	12.82%	1 287.22	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with

Energy charge (c/kWh)	319.49	360.45		360.45		corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.
Capacity charge(R/Amp)	7.78	8.78		8.78		

12. Commercial Single Phase 200A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 259.97	1 421.49	12.82%	1 421.49	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with

Energy charge (c/kWh)	319.49	360.45		360.45		corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval
Capacity charge(R/Amp)	7.78	8.78		8.78		

13. Commercial Single Phase 250A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended% increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 607.31	1 813.37	12.82%	1 813.37	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a
Energy charge (c/kWh)	319.49	360.45		360.45		

Capacity charge(R/Amp)	7.78	8.78		8.78		comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

14. Commercial Three Phase 20A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 546.31	1 744.55	12.82%	1 744.55	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

15. Commercial Three Phase 40A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 651.95	1 863.73	12.82%	1 863.73	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity.
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

16. Commercial Three Phase 60A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 613.21	1 820.02	12.82%	1 820.02	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity.
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

17. Commercial Three Phase 80A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 809.69	2 041.70	12.82%	2 041.70	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

18. Commercial Three Phase 100A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	2 384.25	2 689.91	12.82%	2 689.91	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						aligns revenue recovery with network cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

19. Commercial Three Phase 150A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	2 975.07	3 356.47	12.82%	3 356.47	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						cost drivers, while the increase in the energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

20. Commercial Three Phase 200A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	3 163.43	3 568.98	12.82%	3 568.98	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval.

21. Commercial Three Phase 250A	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	3 236.72	3 651.66	12.82%	3 651.66	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, with corresponding increases in the energy and capacity charges. This indicates a comprehensive adjustment across fixed, variable, and capacity-related components, supporting improved cost reflectivity. The inclusion and adjustment of the capacity charge is appropriate, as it aligns revenue recovery with network cost drivers, while the increase in the
Energy charge (c/kWh)	272.73	307.70		307.70		
Capacity charge(R/Amp)	7.78	8.78		8.78		

						energy charge reflects rising bulk electricity costs. The increase in the basic charge supports the recovery of fixed costs associated with service provision. The tariff structure remains unchanged, ensuring stability and predictability for customers. Overall, the proposed tariff demonstrates a balanced approach to cost recovery and can be supported for approval

22. Agriculture <25 kVA	***2025/26 Approved***	***2026/27 Proposed***	***% increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 346.39	1 518.99	12.82%	1 518.99	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, a 6.82% increase in the energy charge, and the introduction of a capacity charge. This represents a structural adjustment aimed at improving the allocation of fixed and capacity-related costs. The introduction of a capacity charge is appropriate from a cost-reflectivity perspective, as it improves the
Energy charge (c/kWh)	356.34	380.64	6.82%	380.64	6.82%	
Capacity charge (R/Amp	New	8.78		8.78		

						alignment of revenue recovery with network cost drivers. The moderate increase in the energy charge is more aligned with underlying cost pressures and is considered reasonable.

23. Agriculture 25A<=50kVA	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	1 967.99	2 220.29	12.82%	2 220.29	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, a 6.82% increase in the energy charge, and the introduction of a capacity charge. This represents a structural adjustment aimed at improving the allocation of fixed and capacity-related costs. The introduction of a capacity charge is appropriate from a cost-reflectivity perspective, as it improves the alignment of revenue recovery with network cost drivers. The moderate increase in the energy
Energy charge (c/kWh)	356.34	380.64	6.82%	380.64	6.82%	
Capacity charge (R/Amp	New	8.78		8.78		

						charge is more aligned with underlying cost pressures and is considered reasonable.

24. Agriculture 50kVA<=100kVA	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic Charge (R/month)	2 589.87	2 921.89	12.82%	2 921.89	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge, a 6.82% increase in the energy charge, and the introduction of a capacity charge. This represents a structural adjustment aimed at improving the allocation of fixed and capacity-related costs. The introduction of a capacity charge is appropriate from a cost-reflectivity perspective, as it improves the alignment of revenue recovery with network cost drivers. The moderate increase in the energy charge is more aligned with underlying cost pressures and is considered
Energy charge (c/kWh)	356.34	380.64	6.82%	380.64	6.82%	
Capacity charge (R/Amp	New	8.78		8.78		

						reasonable.

25. Sports Customers	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Energy charge (c/kWh)	390.63	440.46	12.82%	440.46	12.82%	The proposed tariff reflects a 12.82% increase in the energy charge and remains aligned with prevailing bulk supply cost pressures. As this tariff is energy-based, the adjustment supports recovery of variable costs without introducing additional fixed cost burdens. The simplicity of the tariff structure is maintained, ensuring transparency and ease of application for this customer category. Overall, the proposed increase is considered reasonable in the context of cost pressures and can be supported for approval.

26. Streetlights	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Energy charge (c/kWh)	385.10	434.47	12.82%	434.47		The proposed tariff reflects a 12.82% increase in the energy charge, with a corresponding

					12.82%	increase in the maintenance charge. The adjustments are applied consistently across both components, indicating alignment with underlying cost pressures. The increase in the energy charge supports recovery of rising bulk electricity costs, while the adjustment to the maintenance charge is appropriate to reflect increasing operational and upkeep costs associated with streetlighting infrastructure. The tariff structure remains simple and unchanged, ensuring transparency and administrative efficiency for this municipal service. Overall, the proposed increases are considered reasonable and can be supported for approval.
Maintenance charge (R/month)	44.03	49.67		49.67		

27. Availability Charge	***2025/26 Approved***	***2026/27 Proposed***	***% Increase***	***Recommended Tariff***	***Recommended % increase***	***Analysis and Key findings***
Basic charge (R/month)	400.00	451.20	12.82%	451.20	12.82%	The proposed tariff reflects a 12.82% increase in the basic charge. This adjustment is consistent with overall tariff increases and supports the recovery of fixed network costs associated with maintaining electricity availability. As an availability charge is intended to recover fixed infrastructure and service readiness costs, the increase is considered appropriate in the context of rising operational and network-related cost pressures. The tariff structure remains unchanged, ensuring stability and transparency. Overall, the proposed increase is reasonable and can be supported for approval.

28.Time of Use>1MVA High Tension (Urban)						
	2025/26 Approved	***2026/27 Proposed***	***% increase***	***Recommended Tariffs***	***Recommended % Increase***	***Analysis and Key findings***
Basic Monthly: R/month	21 918.21	24 728.13	12.82%	24 728.13	12.82%	The proposed tariff reflects an overall increase of 12.82% across most energy and fixed charge components, which is broadly aligned with prevailing bulk supply cost increases. The time-of-use (TOU) structure is maintained, preserving appropriate price signals that incentivise load shifting between peak and off-peak periods. However, certain components reflect significantly higher increases. The capacity charge increases by 73.28%, and the reactive energy charge by 249.04%. These substantial adjustments may have a material impact on large customers and could indicate a reallocation of cost recovery towards capacity and power quality-related cost drivers. Therefore, these are limited to the 12.82% the Municipality is uniformly applying for. The minimal increase in the demand charge (0.12%) suggests stability
Capacity charge (R/kVA)	16.54	28.66	73.28%	28.66	12.82%	
Summer						
Peak(c/kWh)	286.38	322.67	12.82%	322.67	12.82%	
Standard c/kWh	209.93	236.84		236.84	12.82%	
Off-peak(c/kWh)	143.87	162.46		162.46	12.82%	
Winter						
Peak c/kWh	802.80	905.72	12.82%	905.72	12.82%	
Standard c/kWh	269.21	303.72	12.82%	303.72	12.82%	
Off-peak c/kWh	163.47	184.42	12.82%	184.42	12.82%	

Demand charge R/kVA	141.75	141.92	0.12%	141.92	0.12%	in this component, while the consistent increases in energy charges across seasons support alignment with bulk energy cost pressures. Overall, the tariff demonstrates improved cost alignment and retains economic efficiency through the TOU structure.
Reactive energy (R/kVArh)	0.1003	0.3500	249.04%	0.3500	12.82%	

29. Time of Use<1MVA High Tension (Urban)						
	2025/26 Approved	***2026/27 Proposed***	***% Increase***	***Recommended Tariffs***	***Recommended % Increase***	***Analysis and Key findings***
Basic Monthly: R/month	13 311.13	15 017.61	12.82%	15 017.61	12.82%	The proposed tariff reflects an overall increase of 12.82% across most energy and fixed charge components, which is broadly aligned with prevailing bulk supply cost increases. The time-of-use (TOU) structure is maintained, preserving appropriate price signals that incentivise load shifting between peak and off-peak periods. However, certain components reflect significantly higher increases. The capacity charge increases by 103.49%, and the reactive energy charge by 249.04%. These substantial adjustments may have a material impact on large customers and could indicate a reallocation of cost recovery towards capacity and power quality-related cost drivers. Therefore, these are limited to the 12.82% the Municipality is uniformly
Capacity charge (R/kVA)	16.54	33.66	103.49%	33.66		
Summer						
Peak(c/kWh)	299.37	337.75	12.82%	337.75	12.82%	
Standard c/kWh	217.50	245.38	12.82%	245.38		
Off-peak(c/kWh)	152.41	171.94	12.82%	171.94		
Winter						

Peak c/kWh	839.98	947.67	12.82%	947.67	12.82%	applying for. The minimal increase in the demand charge (0.14%) suggests stability in this component, while the consistent increases in energy charges across seasons support alignment with bulk energy cost pressures. Overall, the tariff demonstrates improved cost alignment and retains economic efficiency through the TOU structure.
Standard c/kWh	280.78	316.78	12.82%	316.78		
Off-peak c/kWh	168.81	190.45	12.82%	190.45		
Demand charge R/kVA	157.74	157.96	0.14%	157.96	0.14%	
Reactive energy (R/kVArh)	0.1003	0.3500	249.04%	0.3500	12.82%	

30. Time of Use<1MVA Low Tension (Urban)						
	2025/26 Approved	***2026/27 Proposed***	***% Increase***	***Recommended Tariffs***	***Recommended % Increase***	***Analysis and Key findings***
Basic Monthly: R/month	11 770.81	13 279.83	12.82%	13 279.83	12.82%	The proposed tariff reflects an overall increase of 12.82% across most energy and fixed charge components, which is broadly aligned with prevailing bulk supply cost increases. The time-of-use (TOU) structure is maintained, preserving appropriate price signals that incentivise load shifting between peak and off-peak periods. However, certain components reflect significantly higher increases. The capacity charge increases by 60%, and the reactive energy charge by 249.04%. These substantial adjustments may have a material impact on large customers and could indicate a reallocation of cost recovery towards capacity and power quality-related cost drivers. Therefore, these are limited to the 12.82% the Municipality is uniformly applying for. The minimal increase in the demand charge (3.68%) suggests stability in this component,
Capacity charge (R/kVA)	31.79	50.87	60.00%	50.87		
Summer						
Peak(c/kWh)	301.68	340.35	12.82%	340.35	12.82%	
Standard c/kWh	218.55	246.57		246.57		
Off-peak(c/kWh)	144.57	163.10		163.10		
Winter						

Peak c/kWh	758.45	855.68	12.82%	855.68	12.82%	while the consistent increases in energy charges across seasons support alignment with bulk energy cost pressures. Overall, the tariff demonstrates improved cost alignment and retains economic efficiency through the TOU structure.
Standard c/kWh	281.99	318.14	12.82%	318.14		
Off-peak c/kWh	187.41	211.44	12.82%	211.44		
Demand charge R/kVA	218.91	226.97	3.68%	226.97	3.68%	
Reactive energy (R/kVArh)	0.1003	0.3500	249.04%	0.3500	12.82%	

31.SSEG - Small Urban TOU < 80 kVA LV						
	2025/26 Approved	***2026/27 Proposed***	***% Increase***	***Recommended Tariffs***	***Recommended % Increase***	***Analysis and Key findings***
Basic Monthly: (R/month)- single phase	98.62	111.26	12.82%	111.26	12.82%	The proposed tariff reflects a uniform increase of 12.82% across most components, including basic charges, capacity charges, and time-of-use (TOU) energy charges. This consistent adjustment indicates alignment with underlying bulk supply cost increases. The TOU structure is maintained, with clear differentiation between peak, standard, and off-peak periods across both low and high seasons. This continues to provide appropriate price signals to encourage efficient consumption patterns and supports the integration of Small-Scale Embedded Generation (SSEG) within the network. The inclusion of both single-phase and three-phase basic charges, as well as a capacity charge, supports improved cost reflectivity by ensuring that fixed and network-related costs are appropriately recovered. Overall, the proposed tariff demonstrates a structured and cost-aligned approach, maintains economic
Basic Monthly: (R/month)- 3 phase	144.39	162.90		162.90		
Capacity charge (R/Amp	16.96	19.13		19.13		
Low Season						
Peak(c/kWh)	271.61	306.87		306.87		
Standard c/kWh	211.24	238.05		238.05		
Off-peak(c/kWh)	162.47	182.77		182.77		
High Season						
Peak c/kWh	671.75	758.15		758.15		
Standard c/kWh	257.80	291.08		291.08		

Off-peak c/kWh	175.63	198.56		198.56		efficiency through TOU pricing, and is therefore be supported for approval.

32. Small Scale Embedded Generation Tariff						
	2025/26 Approved	***2026/27 Proposed***	***% Increase***	***Recommended Tariffs***	***Recommended % Increase***	***Analysis and Key findings***
Peak c/kWh	(232.00)	(257.10)	10.82%	(257.10)	10.82%	The proposed tariff reflects an increase of 10.82% in the peak energy rate, with corresponding adjustments in the standard and
Standard c/kWh	(130.00)	(144.07)		(144.07)		

Off-peak c/kWh	(93.00)	(103.06)		(103.06)		off-peak rates. The increases are applied consistently across the time-of-use structure, indicating alignment with underlying bulk electricity cost increases. The retention of differentiated peak, standard, and off-peak rates ensures that appropriate price signals are maintained, thereby promoting efficient export of energy in line with system demand patterns. The moderate increase supports continued participation in embedded generation while ensuring that compensation remains sustainable and reflective of avoided energy costs. Overall, the proposed tariff is considered reasonable, maintains TOU integrity, and is therefore supported for approval.

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. From a conspectus of the facts and evidence presented to the REC, together with supporting information, stakeholder inputs and applicable legal framework, it is appropriate to consider and approve Witzenberg Local Municipality's tariff application as set out in this Reasons for Decision for the 2026/27FY.

End.