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

Inxuba Yethemba Local Municipality

THE DECISION

At its meeting held on 4 May 2026, the Regulator Executive Committee (REC) considered the Inxuba Yethemba 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 section 8 of this document.

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

1. to approve the tariffs 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 that have been noted 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 quarterly progress reports on the efficiency

improvement measures taken to reduce high energy losses and deficits to enable NERSA to monitor the implementation by 30 September 2026.

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ABBREVIATIONS AND ACRONYMS

COS	Cost of Supply
D-form	Distribution form
ERTSA	Eskom Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
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 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 Inxuba Yethemba Local Municipality (Inxuba Yethemba) is situated in Cradock in the Eastern Cape. It is one of six municipalities within the Chris Hani District Municipality. The details regarding customer statistics are highlighted in Table 1 below. Inxuba Yethemba offers 50kWh of Free Basic Electricity (FBE) per month to indigent customers.

Table 1: Customer statistics (data obtained from 2024/25 D-forms FY)

CUSTOMER STATISTICS (OBTAINED FROM 2024-2025 DISTRIBUTION FORMS)			
Consumer Classification	**Sales (KWh)**	**%KWh**	**Number of Consumers**
Domestic (Prepaid)	11 636 815	24,69%	10 364
Domestic (Conventional)	4 285 523	9,09%	717
Manufacturing / Industrial	13 255 180	28,12%	492
Commercial (Prepaid)	1 410 461	2,99%	2 225
Commercial (Conventional)	9 552 103	20,26%	3 271
Street Lighting	1 263 396	2,68%	
Municipal Consumption	5 736 603	12,17%	35
TOTAL SALES	**47 140 081**	**100%**	**17 104**
Free Basic Electricity (FBE)	**5 291 385**	**33,23%**	**5 810**

1.3 NERSA received Inxuba Yethemba's tariff application and its revised cost of supply (COS) study on 31 March 2026. The municipality indicated that the revision was necessitated by restructuring Eskom's tariff structure for the 2025/26 financial year, which introduced new cost components and reallocated existing charges across energy, network and service-related elements.

1.4 Inxuba Yethemba implemented a 12.90% average price increase in the 2025/26 financial year (FY) and is applying for an average price increase of 9.01% for the 2026/27FY.

1.5 NERSA followed the notice and comment consultation process. Inxuba Yethemba's tariff application was 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 The Energy Regulator'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

Background

2.1. The approval of municipal electricity tariffs constitute 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).

2.2. 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).

2.3. 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.

2.4. 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.

NERSA's Statutory Mandate

2.5. 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 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.

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.

2.6. 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.

Tariff Determination Principles under the ERA

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

2.8. 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.

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

Administrative Law Requirements

2.10. 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.

2.11. 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.

Policy Framework: Electricity Pricing Policy (2008)

2.12. 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.

2.13. 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.

2.14. 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.

Cost of Supply Studies

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

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

2.17. 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.

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

Judicial Oversight of the Tariff Approval Process

2.19. 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.

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

2.21. 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.

2.22. 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.

Court-Directed Timelines

2.23. 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.

2.24. 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.

Conclusion

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

2.26. 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 Inxuba Yethemba, NERSA relied on the 2024/25 Distribution forms' (D-forms) information provided in analysing the licensee's tariff application. The D-forms' information was validated by NERSA against the relevant source documents submitted by the municipality (i.e. the trial balance and annual financial statement). Hence, the information provided in the D-forms is considered reliable for the purposes of analysing the tariffs.

3.2 The municipality recorded a 48.83% deficit for the 2024/25 financial year (2023/24FY: 8.03% deficit), which demonstrates a further decline from the previous year. This is primarily attributed to reduced total revenue emanating from the municipality receiving a R44.194 million (R44 194 317) Eskom waiver in the previous financial year. Bulk purchases account for 86% of total expenditure, constraining the municipality's budget and limiting its ability to address other operational costs. The municipality is not efficient in servicing its Eskom debt and spends 22% of bulk purchases on fruitless expenditure (finance cost). Total revenue decreased by 1%, and total expenditure increased by 30%. A further R29.7 million (R29 715 883) revenue was lost as a result of high energy losses.

Table 2: Performance indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	-48,83%	-8,03%
Percentage Energy Losses	22,94%	16,27%

3.3 Energy losses for the 2024/25 financial year have increased and are recorded at 22.94% (2023/24: 16.27%). The municipality indicated the following as reasons why these high energy losses are incurred:

a) Electricity meter tampering
b) Illegal connections
c) Faulty prepaid meters.

Measures in place to curb the losses

a) The municipality has started with bulk meter (large power users) audits
b) Monthly random audits are in process to identify illegal connections
c) Faulty meters are being identified and replaced.

3.4 Current losses of 22.94% are far above acceptable norms and materially erode financial sustainability. If losses were capped at 12%, the municipal deficit would have been reduced from 48.83% to 19.09%, resulting in additional revenue of R17.737 million, as shown in Table 3 below.

Table 3: Energy loss analysis

	D-Form Input	Energy Loss@12%
Average Selling Price c/KWh	211,74	
Sales kWh	47 140 081	47 140 081,00
Purchases kWh	61 173 860	52 796 890,72
Losses kWh	14 033 779,00	5 656 809,72
Losses percentage	**22,94%**	**12,00%**
Additional Energy (kWh)		8 376 969,28
Additional Revenue (Rands)		17 737 394,75
	D-Form Input	Energy Loss@12%
Total Revenue (Rands)	130 690 530	R148 427 924,75
Total Expenses (Rands)	194 506 801	R176 769 406,25
Net Profit (Loss)	- 63 816 271	-R28 341 481,49
Percentage Surplus/Deficit	**-48,83%**	**-19,09%**

3.5 The D-form information provided has been verified against 2024/25 audited financial statements, it is therefore reliable and sufficient for tariff analysis purposes.

4. DETERMINATION OF INXUBA YETHEMBA'S TARIFFS BASED ON THE COS STUDY

4.1 The process that NERSA followed in considering and approving Inxuba Yethemba's tariff application was supported by a COS study.

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

4.3

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

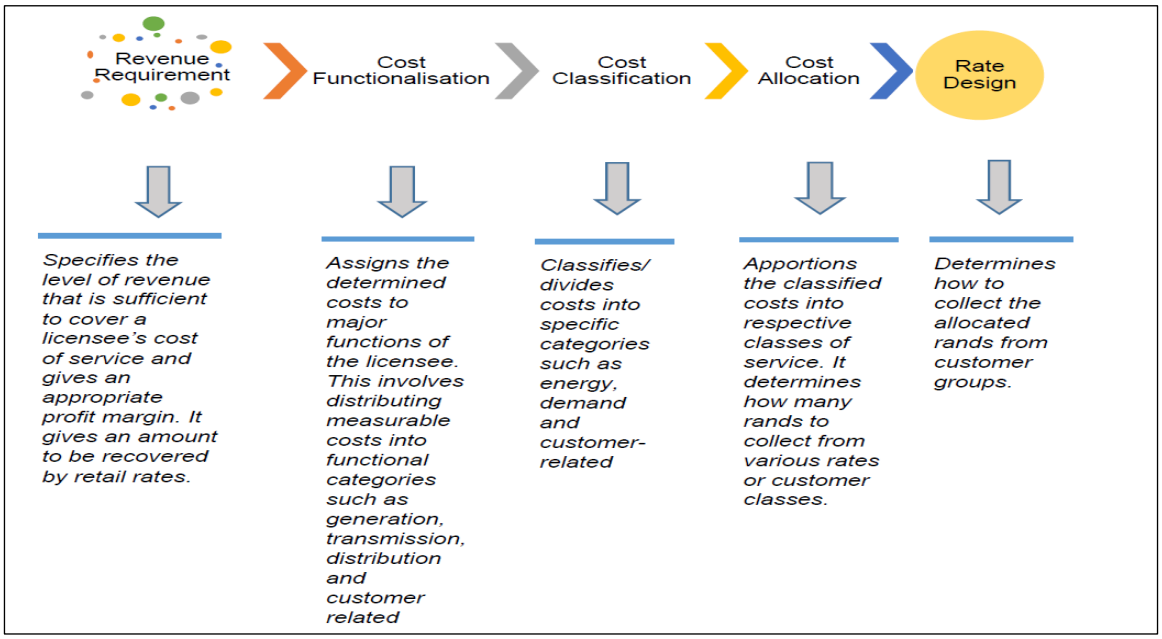


Figure 1: Five steps of COS study

4.4 The following steps are undertaken to analyse the COS study:

Revenue Requirement

4.4.1 In order to be fully cost-reflective, the licensee's revenue requirements are R247.551 million for the 2026/27 financial year. This revenue requirement is predominantly Eskom purchases, accounting for 66%, including energy loss allowance. Operational expenditure accounts for 25% of the overall revenue requirements.

Table 4: Revenue requirement components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	111 327 264	197 487 336	247 551 254	100%
Energy purchases from Eskom - net of cost of losses	-	141 858 886	141 858 886	57%
Energy purchases from Eskom - cost of losses	22 090 897	-	22 090 897	9%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	41 450 284	19 813 062	61 263 346	25%
Other revenues	**- 16 653**	**- 149 881**	**- 166 535**	**0%**
Surplus	6 352 453	16 152 207	22 504 659	9%

4.4.2 The efficiency of the costs in the 2024/25 (base year) financial year has been assessed, as this constitutes the most recent set of actual data. 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.

4.4.3 Furthermore, NERSA has verified all expense items included in the revenue requirements to ensure that they relate only to the electricity function of the licensee. In instances where expenses are deemed inflated or unjustified, these have been adjusted accordingly and expanded below.

Bulk Purchases

4.4.4 The licensee applied for a bulk purchase expenditure of R163.950 million, which accounts for 66% of the total costs when including the 12% energy loss allowance. Bulk purchases were verified against the 2024/25 Eskom invoices.

4.4.5 In order to get to the 2026/27 estimation, the 2025/26 COS amount was adjusted by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.4.6 NERSA is satisfied that the approach taken by the licensee to forecast bulk purchases is reasonable. As a result, this cost has been recommended for approval as applied for.

Operational Expenditure

4.4.7 The licensee applied for operational expenditure of R61 263 000, which accounts for 25% of total costs as shown in Table 4 above.

Surplus

4.4.8 The licensee applied for a surplus of R22.505 million, which is based on a surplus factor of 9% return on operating expenditure, including bulk purchases for both the wires and retail businesses.

4.4.9 To ensure that the surplus is not excessive or detrimental to consumers and it commensurate with risk, NERSA relied on section 15(1)(a) of the Electricity Regulation Act, which provides that tariffs must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return.

4.4.10 In applying this provision together with the COS methodology, NERSA must ensure that the licensee recovers costs incurred efficiently and prudently, including a reasonable return, while preventing excessive compensation.

4.4.11 NERSA is satisfied that the surplus applied for by Inxuba Yethemba LM is reasonable and supports the financial sustainability of the electricity business, Therefore, the applied surplus is considered modest and reasonable having regard to the relevant risk factors, including ageing infrastructure, financial stability requirements, and customer affordability constraints. This is particularly so in the context of a municipal electricity distributor, which, while not operating on a profit-maximising basis, is nonetheless required to maintain financial sustainability and operational viability.

4.4.12 It is therefore recommended that the Energy Regulator approve the allowable revenue as set out in Table 4 above. This revenue is then used in the subsequent steps of cost functionalisation, classification, allocation, and rate design. These steps were verified to be consistent with the approved revenue requirement and are discussed belowhas therefore approved the revenue requirement as submitted.

Cost Functionalisation

4.4.13 The licensee has categorised its revenue requirements of R247.551 million into two main functions: wires (26%) and retail business (74%), as demonstrated in Figure 2 below. This is in line with the NERSA COS Framework. These costs align with revenue requirements upon verification.

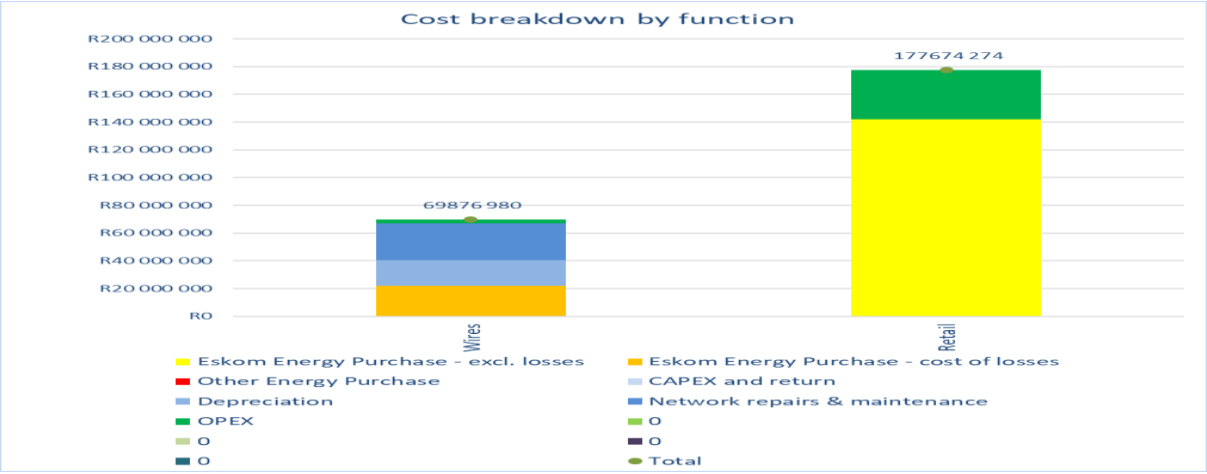


Figure 2: Cost breakdown by functions

4.4.14 These costs align with revenue requirements upon verification. Network repairs and maintenance dominate the wires business, while energy purchases are the primary cost driver for the retail business.

Cost Classification

4.4.15 The licensee classified its costs into energy, demand and customer-related costs in line with the NERSA COS Framework. The costs align with revenue requirements and cost functionalisation upon verification.

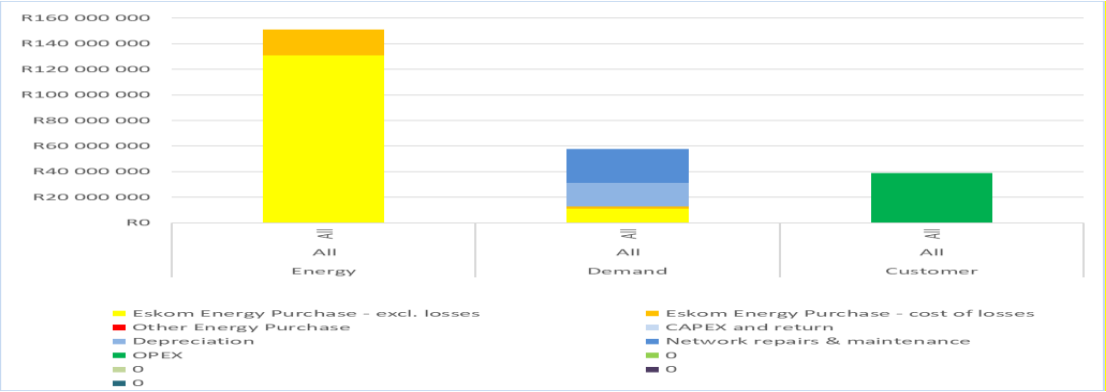


Figure 3: Cost breakdown by cost structure (classification)

4.4.16 Energy purchases constitute energy-driven costs, with the highest expenses occurring during summer under standard time of use, mainly because summer spans a larger portion of the year. Demand-driven costs are also predominantly incurred in summer. Customer-driven costs are primarily attributed to 'Other OPEX', which includes expenses related to providing electricity distribution services to customers.

Cost Allocation

4.4.17 In this step, the licensee's revenue requirements are allocated between customer categories, which is in line with the NERSA COS Framework, and the costs align with revenue requirements, cost functionalisation and cost classification upon verification. The majority of the costs are allocated to domestic customers (52%), followed by commercial customers (27%).

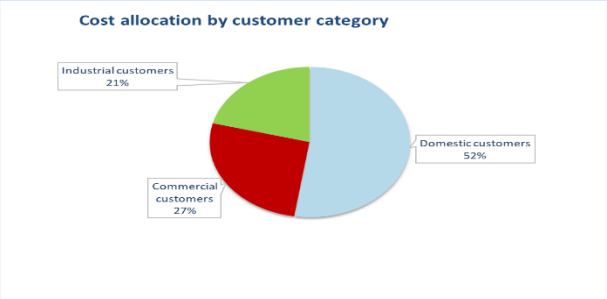


Figure 4: Costs allocated

Rate Design

4.4.18 Figure 5 below shows the outcome of the COS study, showing that certain customer categories should increase while others should decrease. Comparing these costs to the income per tariff category reveals the over- or under-recovery per tariff category, as shown in the figure below.

4.4.19 In order for the municipality to reach full cost reflectivity, the municipality is required to increase tariffs for the different customer categories as demonstrated below. In doing so, it will increase some categories more than others to manage the cross-subsidies in the system. However, the municipality has opted for a uniform tariff increase of 9.01%. After the proposed changes are implemented, the under- and over-recoveries per tariff category are presented as shown in the second graph of Figure 5.

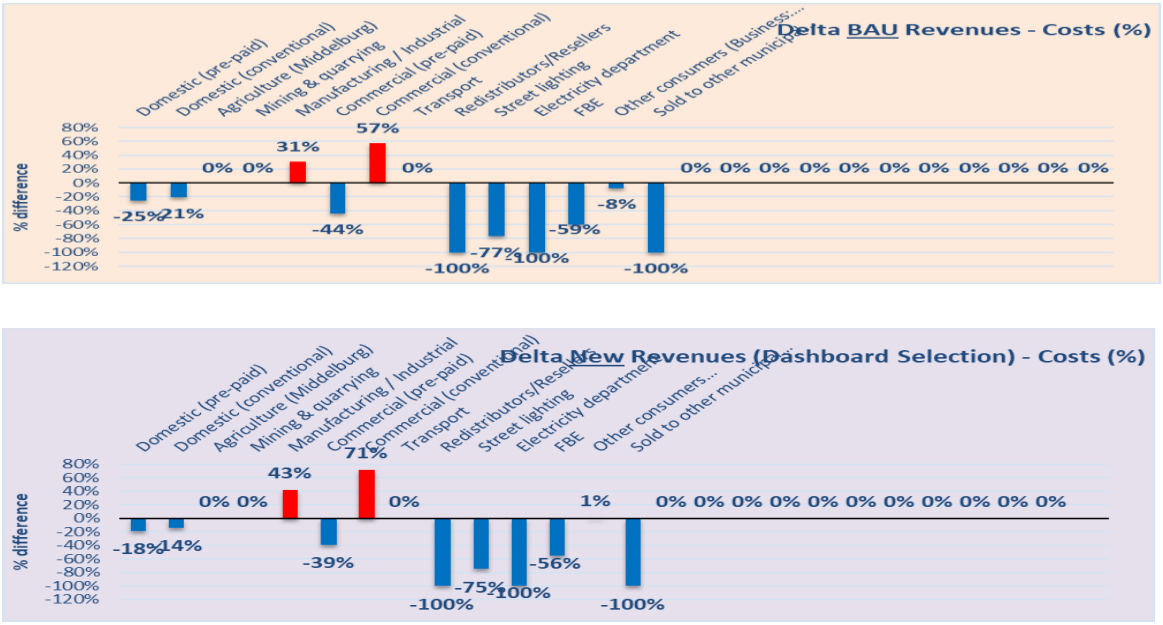


Figure 5: Rate design

5. CONCLUSION ON THE COS STUDY

5.1 The COS outcome indicates that achieving full cost reflectivity would require a tariff increase of approximately 13.0%. However, the municipality proposes a lower increase of 9.01%, adopting a phased approach to mitigate the potential negative impacts of higher tariffs on customer affordability and electricity demand.

5.2 The analysis recognises that excessively high tariff increases may reduce consumption, weaken revenue collection and affect the municipality's ability to meet its financial obligations, including payments to Eskom. Furthermore, as the COS study is based on forecasts, there is inherent uncertainty regarding the realisation of projected costs and revenues.

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The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9321/InxubaYethemba_ReasonsforDecisionontariffapplicationFY2026

2. Domestic Conventional incl. Churches	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis indicates that domestic customers are currently under-recovering. The proposed phased approach of 9.01% is recommended for approval to graduallyimprove cost recovery while limiting sudden financial impacts on households, thereby balancing financial viability with social and regulatory considerations
Block 1 (0 - 50kWh)	197,03	9,01%	214,79	214,79	9,01%	
Block 2 (51 - 350 kWh)	252,91	9,01%	275,69	275,69	9,01%	
Block 3 (351 -600kWh)	351,01	9,01%	382,63	382,63	9,01%	
Block 4 (>600 kWh)	388,21	9,01%	423,18	423,18	9,01%	
Basic Charge (R/month)	256,86	9,01%	280,00	280,00	9,01%	

3. Domestic Prepaid	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis indicates that domestic customers are currently under-recovering. The proposed phased approach of 9.01% is recommended for approval to graduallyimprove cost recovery while limiting sudden financial impacts on households, thereby balancing financial viability with social and regulatory considerations
Block 1 (0 - 50kWh)	196,95	9,01%	214,70	214,70	9,01%	
Block 2 (51 - 350 kWh)	253,21	9,01%	276,03	276,03	9,01%	
Block 3 (351 -600kWh)	351,72	9,01%	383,41	383,41	9,01%	
Block 4 (>600 kWh)	413,38	9,01%	450,63	450,63	9,01%	

4. Business Industry & Government Prepaid	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis indicates that domestic customers are currently under-recovering. The proposed phased approach of 9.01% is recommended for approval to graduallyimprove cost recovery while limiting sudden financial impacts on households, thereby balancing financial viability with social and regulatory considerations
Energy Charge: c/kWh	438,49	9,01%	478,00	478,00	9,01%	

5. Business Industry & Government Conventional	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis shows that this customer category is over-recovering, with tariffs above the cost of supply and effectively subsidising other groups, particularly domestic users. The proposed 9.01% phased approach is appropriate as it gradually reduces cross-subsidies while preserving revenue stability and supporting economic sustainability
Energy Charge: c/kWh	384,20	9,01%	418,82	418,82	9,01%	
Basic Charge (R/month)	636,44	9,01%	693,78	693,78	9,01%	

6. Business; Old Age Homes & Departmental Conventional	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis shows that this customer category is over-recovering, with tariffs above the cost of supply and effectively subsidising other groups, particularly domestic users. The proposed 9.01% phased approach is appropriate as it gradually reduces cross-subsidies while preserving revenue stability and supporting economic sustainability
Energy Charge: c/kWh	341,59	9,01%	372,37	372,37	9,01%	

7. Consumer Brakriver Line - Middelberg Conventional	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis shows that this customer category is over-recovering, with tariffs above the cost of supply and effectively subsidising other groups, particularly domestic users. The proposed 9.01% phased approach is appropriate as it gradually reduces cross-subsidies while preserving revenue stability and supporting economic sustainability
Energy Charge: c/kWh	390,44	9,01%	425,62	425,62	9,01%	
Basic Charge (R/month)	383,89	9,01%	418,48	418,48	9,01%	

8. Bulk Supply >50kVA 3P	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks	c/kWh	9,01%	c/kWh	c/kWh	9,01%	The COS analysis shows that this customer category is over-recovering, with tariffs above the cost of supply and effectively subsidising other groups, particularly domestic users. The proposed 9.01% phased approach is appropriate as it gradually reduces cross-subsidies while preserving revenue stability and supporting economic sustainability
Energy Charge: c/kWh						
Low Season						
<=30000kWh	220,34	9,01%	240,19	240,19	9,01%	
>30000kWh	217,06	9,01%	236,62	236,62	9,01%	
High Season						
<=30000kWh	275,11	9,01%	299,90	299,90	9,01%	
>30000kWh	285,46	9,01%	311,18	311,18	9,01%	
Basic Charge (R/month)	969,92	9,01%	1057,31	1057,31	9,01%	
Demand Charge (R/kVA)	443,41	9,01%	483,37	483,37	9,01%	

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered Inxuba Yethemba's application, supporting information, stakeholder inputs and applicable legal framework, approves the tariff adjustments, as set out in this reasons for decision document.

End.