NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Greater Kokstad Local Municipality

THE DECISION

1. At its meeting held on 11 May 2026, the Regulator Executive Committee (REC) considered the Greater Kokstad Local Municipality's tariff application. Based on the facts and evidence presented, REC approved the tariff increases for the 2026/27 financial year (FY) set out in
2. of the RFD.

3. Based on the available information and the analysis performed, the REC decided to:
   - 3.1. approve the tariffs that are based on the Cost of Supply (COS) report as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;
   - 3.2. note the COS report submitted by the municipality;
   - 3.3. that the municipality must submit a report accounting for all the costs that have been noted in its COS study to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification/audit process; and
   - 3.4. that the municipality must submit quarterly specific, measurable, achievable, realistic and time-bound (SMART) energy losses reduction progress reports for NERSA to monitor implementation thereof.

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ABBREVIATIONS AND ACRONYMS

COS	Cost of Supply
D-Form	Distribution Form
ERTSA	Eskom's Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IPP	Independent Power Producer
GKLM	Greater Kokstad Local Municipality
MFMA	Municipal Finance Management Act
NERA	National Electricity Regulation Act
NERSA	National Energy Regulator of South Africa
OPEX	Operating Expenditure

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receives and considers tariff applications on a yearly basis, in accordance with 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. NERSA received the Greater Kokstad Local Municipality's (Greater Kokstad) tariff application together with its Cost of Supply (COS) study on 31 March 2026. The municipality revised its COS study because of changes in Eskom tariffs.

1.3. The table below shows customer statistics of Greater Kokstad for the 2024/25 financial year (FY). This data is obtained from the latest Distribution forms (D-forms).

Table 1: Customer Statistics (Data Obtained from the Latest D-Forms - 2024/25 FY)

CUSTOMER STATISTICS			
Consumer classification	**Sales (MWh)**	**% MWh**	**Number of consumers**
Domestic (Prepaid)	32 132	41,29%	13 234
Domestic (Conventional)	5 140	6,61%	111
Commercial (Prepaid)	3 201	4,11%	342
Commercial (Conventional)	36 965	47,50%	270
Streetlighting and Own Use	375	0,49%	
Totals	**77 813**	**100%**	**13 957**
Free Basic Electricity	7 316	19,63%	12 194

1.4. NERSA followed the notice and comment consultation process. On 31 March 2026, NERSA published Greater Kokstad's tariff application on its website and social media platforms, as well as in national and local newspapers, to solicit written comments from affected parties.

1.5. NERSA's decision was made on 11 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1. The approval of municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives and court orders. The

principal legal instruments governing the exercise of this regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004) (NERA), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended ('the ERA'), the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 (EPP).

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

2.1.3. In addition, the municipal tariff approval process has recently been the subject of judicial scrutiny in the High Court of South Africa (Gauteng Division, Pretoria) in the matter involving 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 (FY).

2.2. NERSA's Statutory Mandate

2.2.1. NERSA is established as a juristic person in terms of section 3 of NERA. In terms of section 4 of NERA, the Energy Regulator as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The Energy Regulator's electricity regulatory mandate is therefore primarily governed by the ERA. Section 3 of the ERA particularly provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.2.2. In particular:

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

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

2.3. Tariff Determination Principles under the ERA

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

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

a) must enable an efficient licensee to recover the full cost of the licensed activity;

b) must allow for a reasonable return commensurate with the risk of the licensed activity;

c) may provide incentives for continued improvement of technical and economic efficiency;

d) must avoid undue discrimination between customer categories;

e) may permit cross-subsidies of tariffs to certain classes of customers; and

f) may have regard to the need to ensure security of supply, diversity of supply and the promotion of renewable energy.

2.3.3. These statutory requirements form the core legal principles guiding the determination of electricity tariffs within the South African Electricity Supply Industry.

2.4. Administrative Law Requirements

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

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

2.5. Policy Framework: Electricity Pricing Policy (2008)

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

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

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

2.6. Cost of Supply Studies

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

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

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

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

2.7. Judicial Oversight of the Tariff Approval Process

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

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

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

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

2.8. Court-Directed Timelines

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

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

2.8.2. Municipal tariff approvals from FY2027/28 must comply with the following timelines:

a) Written notice of bulk electricity tariffs must be communicated by 31 January each year
b) Municipal tariff applications must be submitted to NERSA by 20 March each year.
c) Municipal tariff approvals and the tariff reasons for decision document, 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 contained this document demonstrate how the Energy Regulator complied with the legislative, policy and judicial framework in determining the municipal electricity tariffs for the 2026/27 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Greater Kokstad, the assessment relied on the D-forms for FY2024/25 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. Greater Kokstad's electricity business operated at a surplus of 12,92% in FY2024/25, increasing from a surplus of 12,21% in FY2023/24. The improvement in the surplus is mainly attributed to higher electricity revenue and lower spending on repairs and maintenance.

3.3. **Error! Reference source not found.**3 below shows that Greater Kokstad's energy losses increased from 6.33% in FY 2023/24 to 9.21% in FY 2024/25. The municipality indicated that the increase in energy losses is mainly due to technical and non-technical losses. This is attributable to old infrastructure, electricity tampering/bypassing and faulty daylight switches that keep lights on.

Table 2: Performance Indicators

Performance Indicators: Obtained from the D-Form		
Indicators	**2024/25**	**2023/24**
Percentage Surplus (Deficit)	12.92%	12,21%
Percentage Energy Losses	9,21%	6,33%

3.4. Based on the above information above, the municipality's operational and financial performance is satisfactory.

4. DETERMINATION OF GREATER KOKSTAD'S TARIFFS BASED ON THE COS STUDY

4.1. The process followed in considering and approving Greater Kokstad's tariff application was supported by a revised COS study.

4.2. Greater Kokstad utilised the COS model developed by Sustainable Energy Africa (SEA) to determine its revenue requirements for FY2026/27 and to apportion costs required to service each customer's class in a fair and equitable manner. The municipality applied the cost-plus methodology in conducting its COS study. The COS study was submitted to NERSA for FY2024/25 and was based on audited financial statements for FY2024/25. The study follows the NERSA COS Framework and utilises the latest available audited data, which is based on FY2024/25. The asset value is – R157 582 250 (2024/25 D-form and AFS), depreciation – R2 558 642 (2026/27 budget), profit margin/surplus – R22 370 499 (2026/27 Budget). The depreciation and surplus are highlighted in Figure 2 and Table 4.

4.3.

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

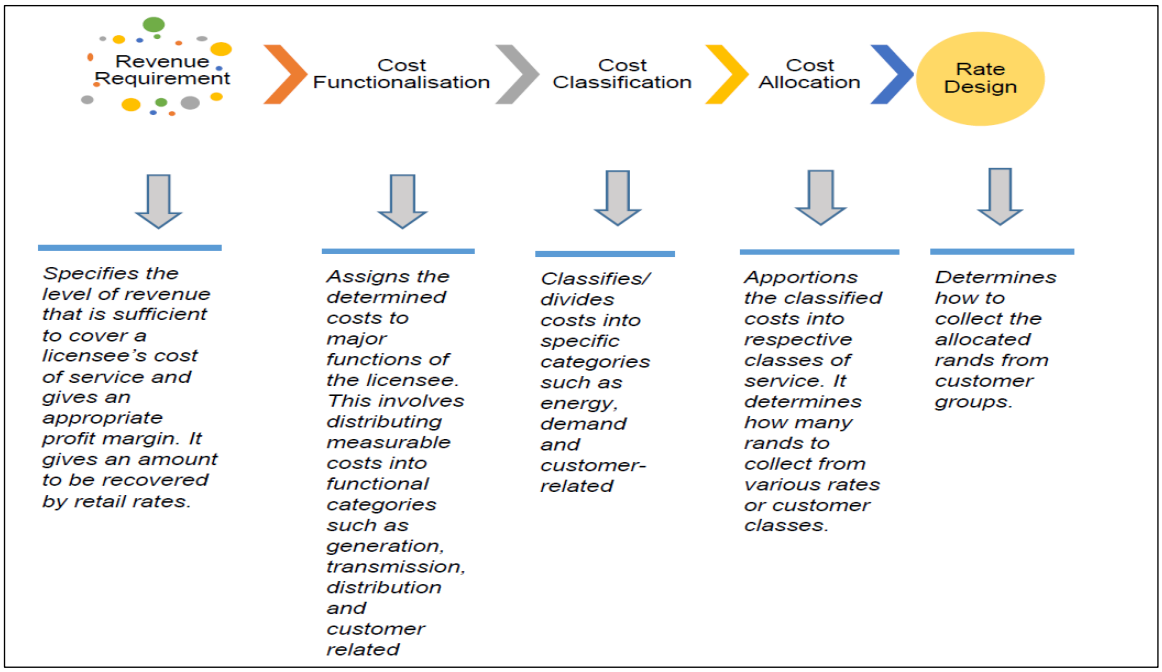


Figure 1: Five steps of COS study

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

4.5.1. be informed by cost of supply outcomes;

4.5.2. progressively move tariffs towards cost-reflectivity; and

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

4.6. In its tariff application, the licensee has considered and applied these requirements as follows:

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

4.6.2. Bulk purchase costs were updated using the approved 9,01% Eskom bulk tariff adjustment.

4.6.3. Controllable electricity OPEX was adjusted using CPI-linked assumptions.

4.6.4. Adjustments were supported by source documents and reasonability checks (D-forms, trial balance and AFS).

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

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

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

4.8. The following steps are undertaken to analyse the COS study:

4.8.1. **Revenue Requirement**

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

4.8.1.2. The municipality applied a cost-plus methodology in the determination of its revenue requirement and did not utilise a Rate of Return (ROR) approach. Accordingly, no Regulatory Asset Base (RAB) was determined or applied.

4.8.1.3. Under the cost-plus framework, the allowable revenue comprises the following:

4.8.1.4. Efficient and prudent operating expenditure (OPEX) of R30 594 679 before surplus.

4.8.1.5. Depreciation, as a proxy for asset consumption and future asset replacement of R2 558 642.

4.8.1.5.1. A reasonable surplus margin applied to the total cost of R22 370 499.

4.8.1.5.2. To ensure that the applied surplus is not excessive and remains within acceptable regulatory bounds, the following validation procedures were undertaken:

4.8.1.6. The applied surplus margin of 9% was benchmarked against the 10–20% range prescribed in the approved NERSA COS Framework, as supported by the EPP Policy Position 1, D-forms, and trial balance.

4.8.1.6.1. The margin was further assessed against the municipality's risk profile to ensure alignment with the principle of cost reflectivity and financial sustainability.

4.8.1.7. Risk factors considered include the following:

4.8.1.7.1. Revenue collection risk, with current collection levels at approximately 91%, reflecting low exposure to non-payment, bad debts and indigents.

4.8.1.7.2. Operational risk, including energy losses of approximately 9% and ageing network infrastructure.

4.8.1.7.3. Financial sustainability requirements, including the need to maintain adequate cash flows for ongoing operations and infrastructure investment.

4.8.1.8. Based on the above, the applied surplus margin of 9% is considered conservative, justified, and commensurate with the municipality's risk profile, while remaining within the acceptable parameters of the NERSA COS Framework. This approach supports the financial viability of the electricity distribution function without imposing undue burden on consumers.

4.8.1.9. Greater Kokstad submitted a COS study detailing revenue requirement of R246.08 million for FY2026/27. This revenue requirement is based mainly on Eskom purchases, accounting for 75%, while operational expenditure accounts for 12%.

Table 3: Revenue Requirement Components

Revenue Requirement components	Total cost (R) Wires	Retail	Total	% of Total
Allowable costs	21 178 316	224 897 177	246 075 492	100%
Energy purchases from Eskom - net of cost of losses	-	183 669 816	183 669 816	75%
Energy purchases from Eskom - cost of losses	10 086 818	-	10 086 818	4%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	9 286 376	21 308 303	30 594 679	12%
Other revenues	- 120 180	- 526 140	- 646 320	0%
Surplus	1 925 301	20 445 198	22 370 499	9%
Not allowable costs	7 979 736	-	7 979 736	
Cost of losses disallowed	7 979 736	-	7 979 736	
TOTAL COSTS	**29 158 051**	**224 897 177**	**254 055 228**	
	11%	89%		

4.8.1.10. The efficiency of costs for FY2024/25 (base year) has been assessed, as this constitutes the most recent set of actual data. This assessment serves as the baseline for projecting costs for FY2026/27, applying stated assumptions to determine the revenue requirement for that period.

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

Bulk Purchases

4.8.1.12. Greater Kokstad COS projects a bulk purchase expenditure of R183.67 million, which accounts for 75% of total costs when excluding the 4% energy losses allowance. Bulk purchases were verified against Eskom invoices in FY2024/25.

4.8.1.13. The licensee projected its bulk purchases for FY2026/27 using FY2025/26 Eskom tariffs as a base and made the following assumptions: sales growth of 0%, and a bulk purchase cost increase of 9.01% for FY2026/27, which is in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

Operational Expenditure

4.8.1.14. Greater Kokstad's COS study projects operational expenditure totalling R30.59 million, representing 12% of overall costs. Table 5 below provides a breakdown of this expenditure.

Table 4: Operational Expenditure

Functions	Total Opex	Wires	Retail
Depreciation	R2 558 642	R2 558 642	-
Network repairs and maintenance	R4 199 988	R4 199 988	-
Opex	R23 836 049	R2 527 746	R21 308 303
Total	**R30 594 679**	**R9 286 376**	**R21 308 303**

4.8.1.15. Only the portion of shared costs directly attributable to the electricity service was allocated to the revenue requirement. This ensures that electricity consumption is charged solely for costs associated with the provision of electricity services.

4.8.1.16. Depreciation amounted to R2 558 642 in the 2024/25 financial year and was calculated on a straight-line basis. It has been verified against audited financial statements.

4.8.1.17. Inefficient cost components – such as notified maximum demand (NMD) exceedance penalties and interest incurred on Eskom-related debt – have been excluded from the total, as these items fall within the control of the municipality. The municipality's accounts with Eskom are up to date with no exceedance recorded under the notified maximum demand (NMD) for FY2024/25. However, the municipality wrote off bad debt of R396 844 in FY2024/25.

4.8.1.18. All the other licensee expenses have been grouped under 'other expenses'. The other operating expenses include accommodation, personal protective equipment and commissions paid, which have been checked to ensure that they relate only to the electricity function. Furthermore, all these expenses have been projected to grow in line with inflation.

Surplus

4.8.1.19. Greater Kokstad's revenue requirement includes a surplus of R22.370 million, calculated using a 9% surplus factor applied to operating expenditure, including bulk purchases, for both the wires and retail components of the electricity business. This figure excludes inefficient or non-allowable costs, excluding interest on Eskom-related debt (as the municipality is currently not in arrears on its bulk electricity account) and no penalties arising from NMD exceedances. These exclusions were verified against Eskom invoices.

4.8.1.20. The applied surplus margin of 9% was benchmarked against the established target range of 10–20% on the approved NERSA COS Framework, EPP Policy Position 1, D-form and trial balance.

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

4.8.1.21.1. Revenue collection risks (non-payment, indigent levels, bad debts). The municipality has budgeted to write off bad debt of R6.4 million for FY2026/27.

4.8.1.21.2. Operational risks remain a concern, particularly in relation to energy losses and ageing infrastructure. For FY2026/27, municipal energy losses are projected at 4.00%.

4.8.1.22. Financial sustainability requirements.

4.8.1.22.1. In recommending a surplus, NERSA relied on section 15(1)(a) of the ERA under the tariff principles, which specifies that the tariffs set by the Regulator 'must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return'.

4.8.1.22.2. In applying the ERA, NERSA is required to ensure that Greater Kokstad recovers efficient costs and a reasonable return, while preventing excessive compensation. The return proposed by Greater Kokstad is considered reasonable, as it falls within the established target range of 10–20%. Consequently, the requested amount has been recommended as applied for.

4.8.1.22.3. The recommended revenue requirement will be applied in the subsequent COS steps, namely Cost Functionalisation, Cost Classification, Cost Allocation, and Rate Setting. These steps have been verified and confirmed to align with the approved revenue requirement. Further details of these steps are provided below.

4.8.2. **Cost Functionalisation**

4.8.2.1. The licensee has categorised its revenue requirement of R246.08 million into two primary functional components, namely the **wires business** (**11**%) and the **retail business** (**89**%), in accordance with the NERSA COS Framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components is consistent with the stated revenue requirement.

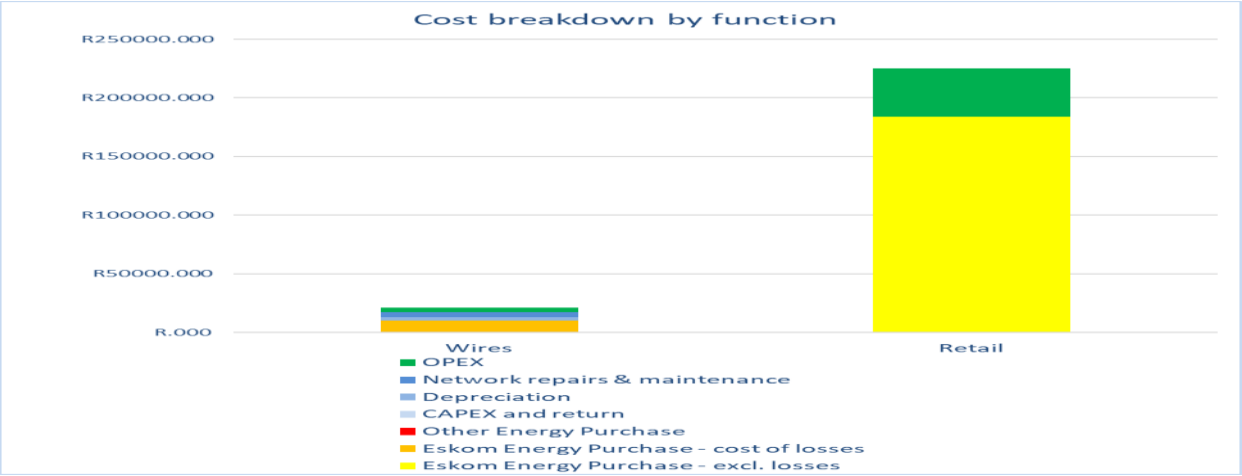


Figure 2: Cost Breakdown by Function

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

4.8.2.3. The verification of costs included in the COS model was undertaken using both the NERSA D-forms and the municipality's audited AFS for FY2024/25.

4.8.3. Cost Classification

4.8.3.1. Greater Kokstad classified its costs into energy, demand and customer-related cost components, in accordance with the NERSA COS Framework. The costs align with revenue requirements and cost functionalisation upon verification.

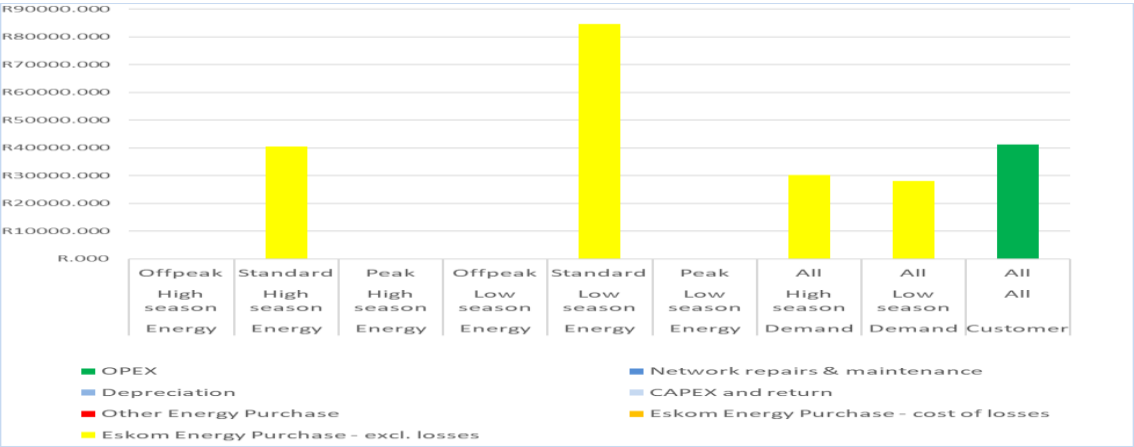


Figure 3: Breakdown by Cost Structure (Classification)

4.8.4. Cost Allocation

4.8.4.1. 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 consistent with the stated revenue requirement and aligned with the principles of cost allocation.

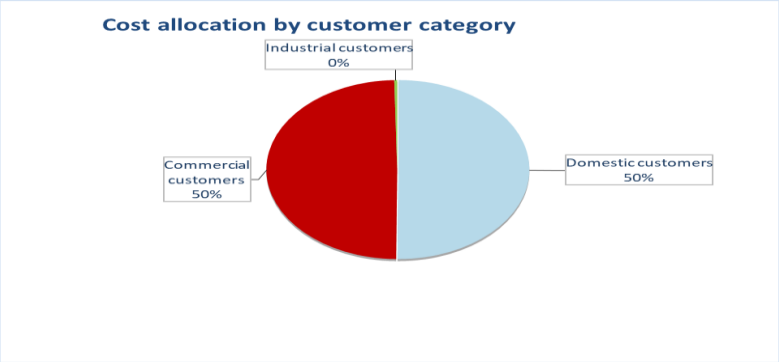


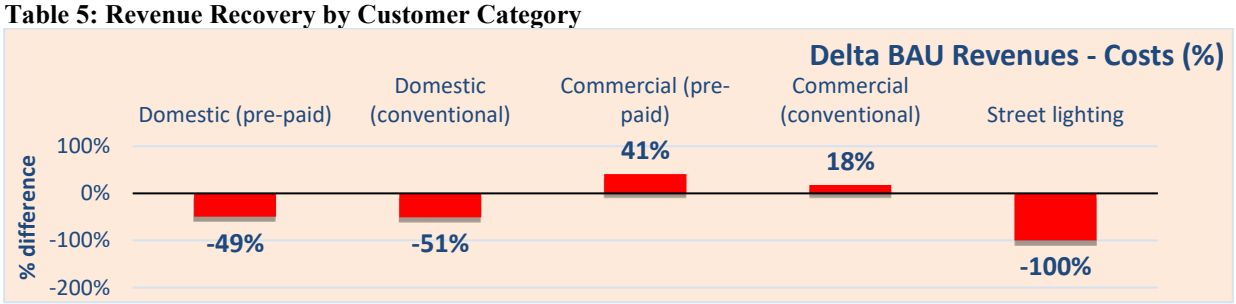
Figure 4: Cost Allocated

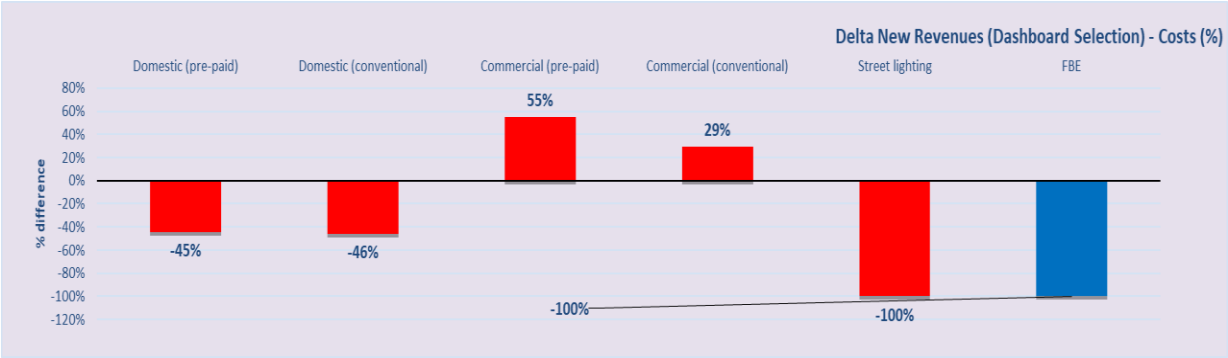
4.8.5. Rate Design

4.8.5.1. Table 4 below reflects the outcome of the COS study, indicating that domestic, other municipal departments, and industrial time-of-use customer categories require upward adjustments, while the rest, including commercial customers, 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 Table 6 below.

4.8.5.2. 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 for a proposed uniform tariff increase of 9.80% across all customer categories and for adjusting the industrial time of use.

Table 5: Revenue Recovery by Customer Category





5. CONCLUSION ON THE COS STUDY

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 10.10% to reach the overall cost-reflectivity, as illustrated in Figure 5 below. The licensee has proposed an average increase of 9.80% to ensure customer protection and municipal sustainability. Based on the available information, the municipality is expected to remain financially sustainable under the recommended 9.80% tariff increase.

5.7. The outcome of the COS study indicates that the municipality requires a tariff increase of 10.10% to achieve efficient cost reflectivity, as shown in Figure 5 below.

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https://www.nersa.org.za/file/9399/GreaterKokstadMunicipalityTariffAnalysis2026-27.pdf

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9. CONFIDENTIALITY

None.

10. CONCLUSION

From a conspectus of the facts and evidence presented to the REC, it is appropriate to consider the review of Greater Kokstad's tariff application for the 2026/27 financial year.

10.2. All tariffs shall be limited to 9.80% as per the COS study for customer protection and municipal financial sustainability.

End.