NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Applications for the 2026/27 Financial Year

By

Thabazimbi Local Municipality

THE DECISION

1. At its meeting held on 4 May 2026, the Regulator Executive Committee (REC) considered the Makhado Local Municipality tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year set out in Section 8(Page 21) below.

2. Based on the available information and the analysis performed thus far, the Regulator Executive Committee decided to:

   2.1. 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. note the COS study submitted by the municipality;

   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; and

   2.4. that the municipality must submit a quarterly smart efficiency plan with

improvement measures identified in reducing high energy losses and submit by 30 September 2026

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ABBREVIATIONS

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
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. Thabazimbi Local Municipality (the Municipality) is situated in the Limpopo province. The Municipality is made up mostly of domestic customers, who consume 48.99% of the total electricity sales. The Municipality provides its 12 431 indigent customers with 50 kWh 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

Customers categories	***MWh***	***% MWh***	***Customers numbers***
Domestic (pre-paid)	219 569	47.45	5 645
Domestic (conventional)	7 114	1.54	207
Manufacturing / Industrial	142 193	30.73	66
Commercial (conventional)	89 937	19.44	219
Electricity Department	1 040	0.22	8
Street lighting	2 841	0,61	0
Total	**462 693**	100.00	6 145

Free Basic Electricity (FBE)[1]	6 216	2,74[2]	12 431

1.3. Municipality's formal tariff application, accompanied by a revised comprehensive Cost of Supply (COS) study, on 30 March 2026. The Municipality's primary objective for submitting the revised COS was to ensure that the projected expenditure and revenue requirements were based on the most recent and accurate financial data and most recent economic parameters.

1.4. The Municipality implemented a 13.70% average price increase in 2025/26 financial year and is applying for an average price increase of 10,50% for the 2026/27 financial year.

[1] Included in the consumption of both the domestic prepaid and conventional customer' categories

[2] MWh % contribution

1.5. NERSA followed the notice and comment consultation process. The Municipality's tariff application was published on the NERSA website on 30 May 2026, on social media platforms and in national and local newspapers to solicit written comments from affected parties.

1.6. NERSA's decision was made on 30 April 2026, taking into account 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 2026/2027 municipal financial year.

2.2. Statutory Mandate of the Energy Regulator

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, the Energy Regulator exercises this authority through the powers conferred by ERA:

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

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

2.3. Tariff Determination Principles under the ERA

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

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

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

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

2.4. Administrative Law Requirements

2.4.1. The approval of municipal electricity tariffs constitutes administrative action as defined in section 1 of the PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable, and procedurally fair as required by sections 3 and 6 of PAJA. Procedural fairness requires that

affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

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

2.5. **Policy Framework: Electricity Pricing Policy (2008)**

2.5.1. In addition to the statutory framework, the Energy Regulator must have regard to the 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:

- Written notice of bulk tariffs by 6 March 2026;
- Municipal tariff applications to be submitted by 31 March 2026;
- Public participation processes to be concluded by 21 April 2026
- 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:

- Written notice of bulk electricity tariffs be communicated by 31 January each year;
- Municipal tariff applications be submitted to NERSA by 20 March each year;
- 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 the Municipality, 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 dependable for the purposes of the tariff analysis.

Surplus

3.2. The Municipality's electricity business operating deficit improved significantly from a deficit of 35,45% to a deficit 3,57%

3.2.1. In the 2023/24 financial year, the Municipality incurred a total expenditure of R15.3 million, comprising of R14.9 million in Notified Maximum Demand (NMD) penalties and R0.3 million in interest on Eskom debt both expenses are not included in the 2024/25 financial year. The Municipality took a business decision of not including the inefficient costs in the required revenue

3.3. Maintaining the Eskom bulk account in good standing is essential to eliminate the risk of interest accrual and to safeguard against the incurrence of fruitless and wasteful expenditure.

Energy Losses

3.4. The Licensee achieved a reduction in energy losses, decreasing the rate from 11.60% in the 2023/24 financial year to 10.86% the 2024/25 financial year.

3.4.1. A progress report submitted by the Municipality confirms that this 0.74% reduction is directly attributable to the effective implementation of specific corrective measures (replace old faulty meter, with smart meter that enabled Licensee to real time consumption).

3.5. To achieve further operational efficiencies, it is critical for the Municipality to maintain the momentum of its current interventions to reach a single-digit energy losses percentage.

Table 2: Performance indicators

PERFORMANCE INDICATOR: OTAINED FROM D-FORMS		
indicators	***2024/25 FY (Actuals)***	***2023/24 FY (Approved)***
Percentage surplus: (%)	-3,57	*-35,45*
Energy Losses: (%)	10.86	*11,60*

3.6. Based on the above information provided by the d-forms, reasons for the financial position of the Municipality's electricity division is both technically and financially is improving as indicated by indicators trajectory displayed by the indicators.

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

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

4.2. The Municipality 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.

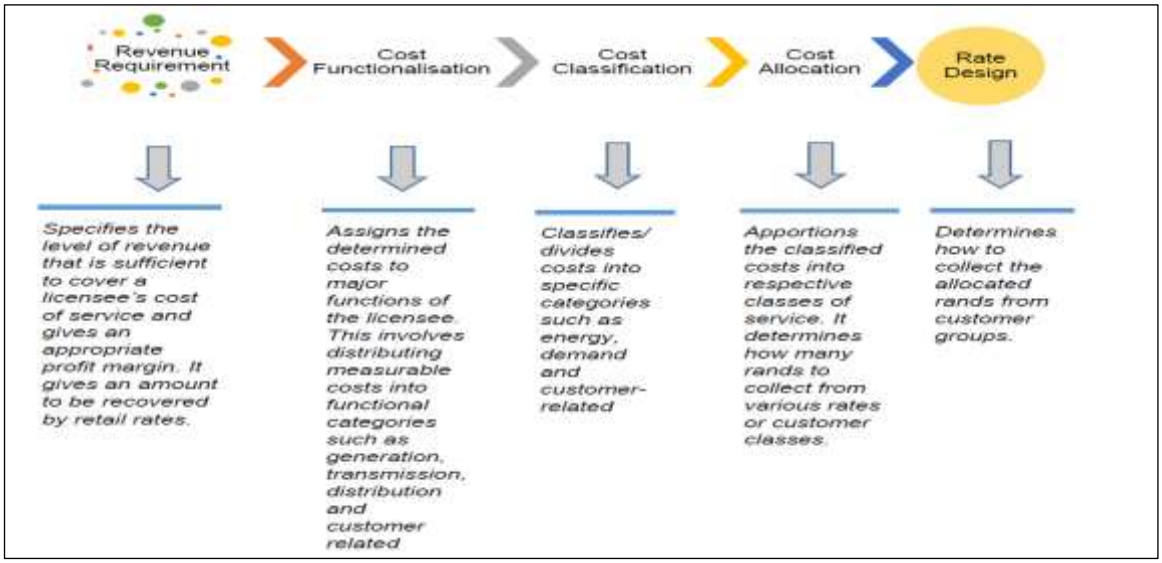


Figure 1: Fives steps of COS

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 R125 million for the 2026/27 financial year. This revenue requirement is predominantly Eskom purchases accounting for 83% including energy losses allowance. Operational expenditure accounts for 16%.

Table 3: **Revenue Requirement components**

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	28 271 799	96 729 801	125 001 600	100%
Energy purchases from Eskom - net of cost of losses	-	89 964 060	89 964 060	72%
Energy purchases from Eskom - cost of losses	11 473 631	1 984 526	13 458 157	11%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	14 280 163	6 178 936	20 459 099	16%
Other revenues	- 52 158	- 10 191 340	- 10 243 498	-8%
Surplus	2 570 164	8 793 618	11 363 782	9%
Not allowable costs	1 911 523	851 274	2 762 796	
Cost of losses disallowed	1 911 523	851 274	2 762 796	
TOTAL COSTS	**30 183 322**	**97 581 075**	**127 764 397**	

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

4.5.1.3. All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the Licensee's electricity function. In accordance with the Electricity Regulation Act, any costs found to be unsubstantiated or improperly incurred were adjusted. No such issues were identified in the case of the Municipality.

Bulk purchases

4.5.1.4. The Municipality applied for bulk purchase expenditure amounting to R103,4 million, representing 83% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year.

4.5.1.5. To derive the 2026/27 bulk purchase estimate, the 2025/26 Cost-of-Supply (CoS) amount was escalated by 9,01%, consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.5.1.6. The methodology applied by the Municipality in forecasting bulk purchase costs is deemed reasonable given the fact that the SEA tool used by the Municipality automatically limits energy losses to 12%. As a result, an amount of R2,8 million was also excluded (because for the 2026/27 financial year budget for 14.6% energy losses), as it represents a controllable cost that should be managed efficiently).

4.5.1.7. Therefore, the bulk purchase expenditure has been recommended for approval as submitted.

Operational Expenditure

4.5.1.8. The Municipality has applied for operational expenditure totaling R20,5 million, representing 16% of overall costs, as reflected in Table 4 below.

4.5.1.9. The approach adopted by the Municipality in forecasting operational expenditure is considered reasonable, and the amount is recommended for approval as requested, since there no inefficient cost components—such as NMD exceedance penalties and interest incurred on Eskom-related debt—have been identified, as these items fall within the control of the Municipality.

Table 4: Operating expenditure

Line Item	Year 2 estimate (Rand)
General & Other	**R14 446 167**
Salaries and allowances	R10 647 703
Materials and supplies	R1 586 327
Contracted Services	R -
Salaries, wages and allowances (exclude. Repairs and Maintenance)	R -
Payments to consultants (operational work)	R -
Other creditors interests	R -
Current year depreciation	R2 212 136
Shared OPEX	**R6 003 759**
Bad debts (Allowance for Impairment)	R5 189 884
FBE paid to Eskom	R813 875

Surplus

4.5.1.10. The Municipality has requested a surplus of R11,4 million, in recommending a surplus, NERSA relied on section 15(1)(a)(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. In applying this provision, together with the COS methodology, NERSA is required to ensure that the Licensee recovers efficiently and prudently incurred costs, including a reasonable return, while preventing excessive compensation.

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

4.5.2. Cost Functionalisation

4.5.2.1. The Licensee has categorised its revenue requirement of R125,1million into two primary functional components, namely the **wires business (24%)** and the **retail business (76%)**, in accordance with the NERSA COS framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

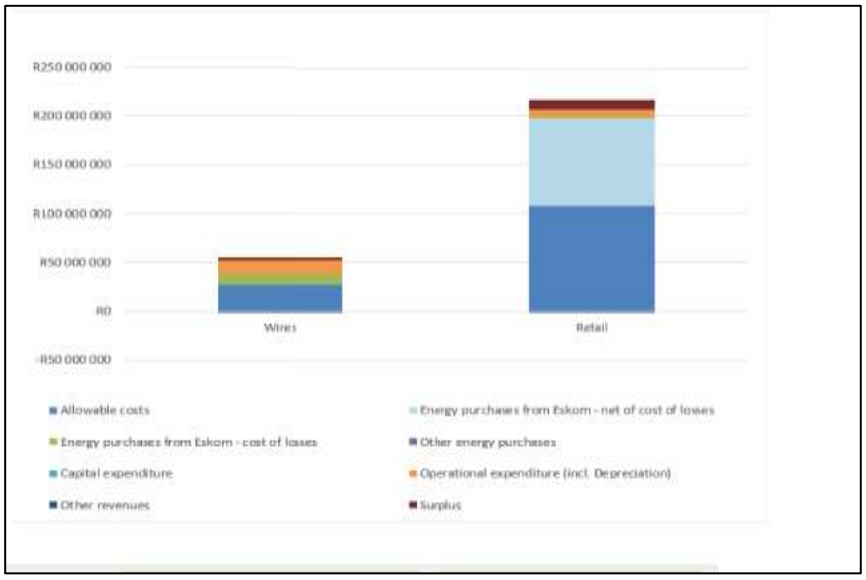


Figure 2*: Costs breakdown by Functions*

4.5.2.2. These costs, upon verification, are consistent with the approved revenue requirements. Operational expenditure constitutes 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.

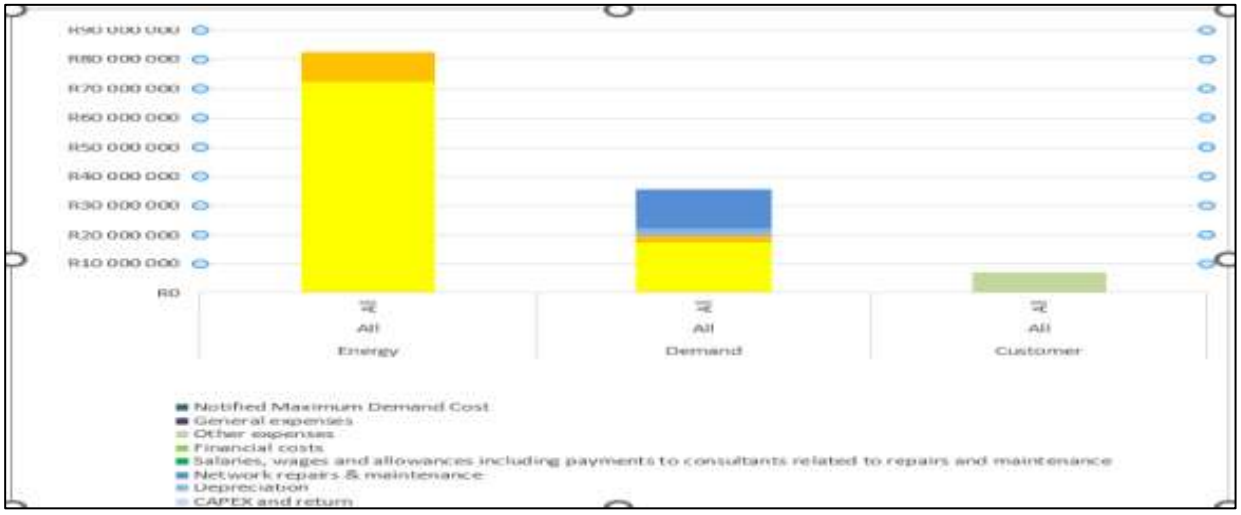


Figure 3*: Costs breakdown by cost structure (Classification)*

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, 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.

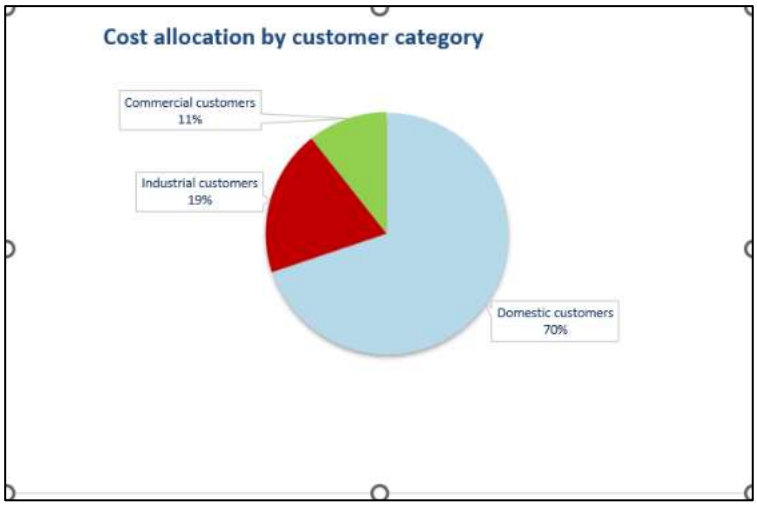


Figure 4: ***Costs Allocated***

4.5.5. Rate Design

4.5.5.1. Table 4 below reflects the outcome of the COS study, indicating that certain customer categories require upward adjustments, while others warrant decrease. 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 4 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 10,50% across all customer categories.

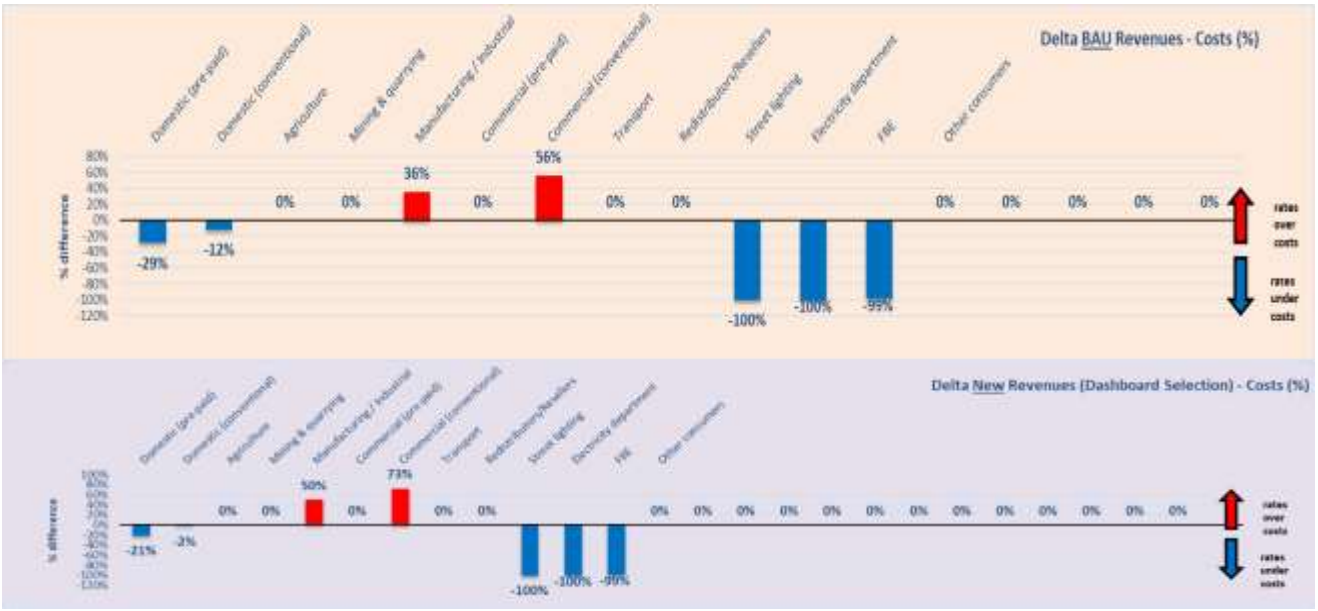


Figure 5*: Revenue Recovery by customer category*

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 elect to implement such adjustments by applying a for across-the-board increase of 10,50% in line with the results of CoS.

5.2. This approach was informed by 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 took into account its ability to meet financial obligations, including payments to Eskom, as well as the broader affordability constraints faced by customers, in determining the appropriate trajectory for tariff adjustments.

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

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

5.6. The COS study results indicate a required increase of 10,50%, as illustrated in Figure 4 below. The Municipality's application is aligned to the results of the COS study.

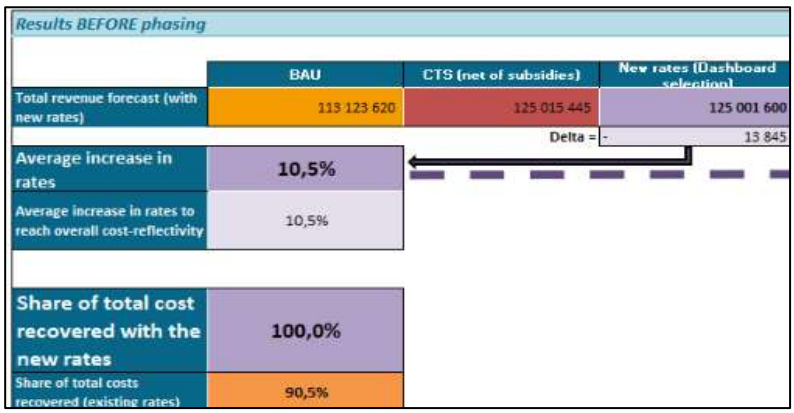


Figure 6: Rate Design

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This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
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The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9168/Thabazimbi_ReasonsforDecisionontariffapplicationprocessforFY

Energy charge (c/kWh)	**275,46**	304,38	10.50%	304,38	10.50%	Aligned with COS outcomes; recommended for approval.

1.4 Domestic tariffs Non-IBT High (>400 kWh)	**2025/26 Approved Tariffs**	**2026/27 Proposed Tariffs**	**2026/27 Proposed % Increase**	**2026/27 Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Energy charge (c/kWh)	337,73	373,19	10.50%	373,19	10.50%	Aligned with COS outcomes; recommended for approval.

2.1 Conventional ≤40 Amps (Single & 3 phase)	**2025/26 Approved Tariffs**	**2026/27 Proposed Tariffs**	**2026/27 Proposed % Increase**	**2026/27 Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge: (R/month)	1 457,88	1 610,96	10.50%	1 610,96	10.50%	The proposal of 10,50% is supported based on the fact that the Municipality would collect revenue closer to the results of the study.
Energy charge: (c/kWh)	311,06	343,72	10.50%	343,72	10.50%	

2.2 Prepaid ≤40 Amps (Single & 3 phase)	**2025/26 Approved Tariffs**	**2026/27 Proposed Tariffs**	**2026/27 Proposed % Increase**	**2026/27 Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Energy charge: (c/kWh)	447,11	494,06	10.50%	494,06	10.50%	The proposal of 10,50% is supported based on the fact that revenue neutrality will be achieved.

2.3 Conventional ≥40 Amps (Single & 3 phase)	**2025/26 Approved Tariffs**	**2026/27 Proposed Tariffs**	**2026/27 Proposed % Increase**	**2026/27 Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic Charge (R/month):	2 145,96	2 371,29	10.50%	2 371,29	10.50%	The proposal of 10,50% is supported based on the fact that the Municipality would collect revenue closer to the results of the study.
Energy charge (c/kWh):	293,60	324,43	10.50%	324,43	10.50%	

2.4 Conventional ≤100 Amps (Single & 3 phase)	**2025/26 Approved Tariffs**	**2026/27 Proposed Tariffs**	**2026/27 Proposed % Increase**	**2026/27 Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic Charge (R/month):	2 599,43	2 872,37	10.50%	2 872,37	10.50%	The proposal is recommended for approval since revenue neutrality is achieved in a manner that does not result in price spike for customers.
Energy charge (c/kWh):	293,60	324,43	10.50%	324,43	10.50%	

2.5 Prepaid ≥ 40 Amps (Single & 3 phase)	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	2026/27 Recommended Tariff	Recommended % increase	Analysis and key findings
Energy charge (c/kWh):	447,11	494,06	10.50%	494,06	10.50%	The proposal of 10,50% is supported based on the fact that the Municipality would collect a revenue closer to the results of the study.

2.6 Prepaid ≤100 Amps (Single & 3 phase)	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	2026/27 Recommended Tariff	Recommended % increase	Analysis and key findings
Energy charge (c/kWh):	447,11	494,06	10.50%	494,06	10.50%	The Municipality is applying for 10,50% across the board. The proposal is recommended as it aligns tariffs to cost reflectivity, without causing price spike.

3 Industrial Customer						
3.1. A) Industrial 1 (Low Voltage) >125A to ≤ 250A	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	2026/27 Recommended Tariff	Recommended % increase	Analysis and key findings
Basic Charge (R/month):	3 211,95	3 549,20	10.50%	3 549,20	10.50%	The Municipality is applying for 10,50% across the board. The proposal is recommended as it aligns tariffs to cost reflectivity without causing price shocks to the customers.
Energy charge (c/kWh):						
Low season	139,07	153,67	10.50%	153,67	10.50%	
High season	144,17	159,31	10.50%	159,31	10.50%	
Demand Charge(R/kVA):						
Low season	462,46	511,02	10.50%	511,02	10.50%	
High season	471,66	521,18	10.50%	521,18	10.50%	
3 Industrial Customer						
3.2 b)Alternative Industrial 1 (Low Voltage)> 125A to ≤ 250A	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	Recommended Tariff	% increase	Analysis and key findings
Basic Charge (R/month):	3 211,94	3 549,19	10.50%	3 549,19	10.50%	The Municipality is applying for 10,50% across the board. The proposal recommended as it aligns tariffs to cost reflectivity without causing price shocks to the customers.
Energy charge (c/kWh):						
Low season	345,62	381,91	10.50%	381,91	10.50%	
High season	350,31	387,09	10.50%	387,09	10.50%	

3.2 A) Industrial 2 (High voltage)≥ 300A	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	2026/27 Recommended Tariff	Recommended % increase	Analysis and key findings
Basic Charge: (R/month)	14 946,58	16 515,97	10.50%	16 515,97	10.50%	The Municipality is applying for 10.50% across the board. The proposal is recommended as it aligns tariffs to cost reflectivity without causing price shocks to the customers.
Energy charge (c/kWh):						
Low season	210,87	233,01	10.50%	233,01	10.50%	
High season	221,48	244,74	10.50%	244,74	10.50%	
Demand Charge (R/kVA)						
Low season	407,52	450,31	10.50%	450,31	10.50%	
High season	471,62	521,14	10.50%	521,14	10.50%	

3.2 B) Alternative Industrial 2 (High voltage)≥ 300A	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	Recommended Tariff	% increase	Analysis and key findings
Basic Charge: (R/month)	14 946,58	16 515,97	10.50%	16 515,97	10.50%	The Municipality is applying for 10.50% across the board. The proposal is recommended as it aligns tariffs to cost reflectivity without causing price shocks to the customers.
Energy charge (c/kWh):						
Low season	337,89	373,37	10.50%	373,37	10.50%	
High season	350,34	387,13	10.50%	387,13	10.50%	

3.3 Industrial (High voltage)	2025/26 Approved Tariffs	2026/27 Proposed Tariffs	2026/27 Proposed % Increase	2026/27 Recommended Tariff	Recommended % increase	Analysis and key findings
Basic Charge: (R/month)	19 469,40	21 513,69	10.50%	21 513,69	10.50%	The Municipality is applying for 10,50% across the board. The proposal is recommended as it aligns tariffs to cost reflectivity without causing price shocks to the customers.
Energy charge (c/kWh):						
Low season	196,30	216,91	10.50%	216,91	10.50%	
High season	211,28	233,46	10.50%	233,46	10.50%	
Demand Charge (R/kVA)						

Low season	483,20	533,94	10.50%	533,94	10.50%	
High season	502,17	554,90	10.50%	554,90	10.50%	

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered the Municipality's application, supporting information, and applicable legal framework, approves the tariff adjustments as set out in this Reasons for Decision document.

End.