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

Dawid Kruiper Local Municipality

THE DECISION

At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered the Dawid Kruiper 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 6 of this document.

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

a) to approve the tariffs that are based on the cost of supply (COS) study, as recommended in the tariff analysis section, for implementation by the municipality with effect from 1 July 2026;

b) to note the cost drivers submitted by the Licensee;

c) that the licensee must submit a report accounting for all the costs identified in its COS study to enable the National Energy Regulator of South Africa to perform its independent verification or audit process by 31 January 2027; and

d) that the municipality must continue monitoring the plans put in place in reducing high energy losses.

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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
IBT	Inclining Block Tariff
IPP	Independent Power Producer
DKLM	Dawid Kruiper 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), in accordance with its statutory mandate, regulates electricity prices and tariffs and assesses tariff applications submitted by licensees on an annual basis. As part of this process, municipal electricity tariffs must be approved by the Energy Regulator prior to implementation, which typically takes effect on 1 July of each financial year.

1.2. The Dawid Kruiper Local Municipality (DKLM) is located in the Northern Cape. The licensee has 32 645 customers, which 41,69% attributed to domestic customers followed by industrial with 35.99%. The licensee applied for an increase of 11.6% in the 2025/26 financial year and is proposing an increase of 8,76% for the 2026/27 financial year (FY).

1.3. The municipality provides its indigent customers with 50 kWh of Free Basic Electricity (FBE) per month. The municipality further reported that it maintains an indigent register. The details regarding customer statistics are highlighted in Table 1 below.

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

Customer categories	***MWh***	***% MWh***	***Customer***
Domestic(Prepaid)	51 277	32,59%	29 548
Domestic(Conventional)	14 315	9,10%	2 013
Manufacturing	56 624	35,99%	190
Commercial	15 990	10,16%	894
Sold to other departments	19 128	12,16%	n/a
TOTAL	**157 334**	**100,00%**	**32 645**
FBE	**4527**	**6,90%**	**8173**

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

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

1.6. The Energy Regulator's decision was made on 6 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 the Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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

2.1.4. This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for the 2026/27 municipal financial year.

2.2. NERSA's Statutory Mandate

2.2.1. NERSA is established as a juristic person in terms of section 3 of NERA. In terms of section 4 of NERA, the Energy Regulator, as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. Therefore, NERSA's electricity regulatory mandate is 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 NERSA 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 that guide the determination of electricity tariffs in the South African electricity supply industry.

2.4. Administrative Law Requirements

2.4.1. The approval of municipal electricity tariffs constitutes an 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. Therefore, public participation processes conducted by the Energy Regulator form an essential component of the municipal tariff approval process and are intended to ensure transparency, accountability and fairness in regulatory decision-making.

2.5. Policy Framework: Electricity Pricing Policy (2008)

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

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

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

2.6. Cost of Supply Studies

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

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

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

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

2.7. Judicial Oversight of the Tariff Approval Process

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

2.7.2. In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process relating to the 2025/26 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 seeking to vary the timelines set by the Court on 4 December 2025, in light of the practical difficulties arising in relation to NERSA's compliance with the Court Order. The Court, having heard NERSA's application, granted the variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

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

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

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

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

2.9. Conclusion

2.9.1. The determination of municipal electricity tariffs by NERSA 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 stated in this reasons for decision document demonstrate how NERSA 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. Level of Reliability of Information

3.1.1. In evaluating the financial and technical performance, NERSA relied on the 2024/25 Distribution forms (D-forms) provided by the licensee. The D-forms' information was validated by NERSA against the relevant source documents submitted by the municipality (i.e. the trial balance/audited annual financial statement [AFS]). Hence, the information provided in the D-forms is considered reasonable for the analysis of the tariffs.

3.2. Table 2 below shows DKLM's technical and financial performance.

Table 2: Performance indicators

Performance Indicators	**2023/24**	**2024/25**
Percentage surplus/(deficit): **(%)**	18,62	18,06
Energy losses: (**%**)	20,99	10,28

Percentage Surplus

3.3. The municipality operated at a surplus of 18,62% in the 2023/24 financial year and 18,06% in the 2024/25 financial year.

Energy Losses

3.4. DKLM's energy losses have declined significantly from 20.99% in the 2023/24 financial year to 10.28% in 2024/25, indicating measurable progress in loss reduction initiatives. In the 2025/26 financial year, the

municipality reported the implementation of an internal meter auditing programme, utilising in-house personnel to detect meter tampering, illegal bypass connections and incorrect meter configurations to ensure accurate consumption recording. The municipality should sustain and strengthen these interventions, with a clear focus on achieving and maintaining energy losses at a single-digit level, in line with good utility practice and cost-reflective tariff principles.

General Conclusion on the Financial and Technical Indicators

3.5. Based on the above information, the technical and financial performance of the municipality's electricity department is satisfactory.

4. DETERMINATION OF DKLM'S TARIFFS BASED ON THE EXISTING COS STUDY

4.1. The licensee submitted its existing COS study, supporting the tariff application for the 2026/27 financial year. The licensee's COS study included all requirements of NERSA's approved COS Framework (i.e. revenue requirement, cost functionalisation, cost classification, cost allocation and rate setting).

4.2. The revenue requirement for DKLM was determined using a cost-plus methodology in accordance with the NERSA COS Framework. Aligned with the COS Framework, costs were derived from verified bulk purchases (Eskom invoices) and verified electricity-related operating costs (tested against D-forms, trial balance and audited AFS).

4.3. Section 18.7 of the October 2023 NERSA COS Framework states:

An adjustment index will be issued to licensees to allow them to submit the tariff applications, which will be used to determine the costs that must increase with CPI, purchase costs, and other OPEX. Where annual plans, such as repairs and maintenance, and CAPEX plans, have been assessed and approved by NERSA, these can be adjusted based on that.

4.4. In line with section 18.7 mentioned above, Table 3 below was developed, and the definition of the columns is as follows:

i. Column 1 is the actual 2024/25 licensee performance and is sourced from the D-forms that are based on the audited annual statements.

ii. Column 2 is for the 2025/26 revenues and electricity volume that are the base for 2026/27 tariffs. The figures were tested for reasonableness (since at the time of the approval, the figures were estimates) when NERSA considered and approved the 2026/27 COS base tariffs. Once

the financial year ends, the actual figures will be verified using the audited statements.

iii. Column 3 is for the licensee's submitted 2026/27 budgeted figures to be tested for reasonableness for determining tariffs for the control period under review.

iv. Column 4 is for NERSA's recommended adjustments after considering the reasons, facts and evidence the licensee provided to motivate/justify the budgeted figures.

v. Column 5 is for NERSA's recommended amounts that sum up to the allowable revenues the licensee must recover in 2026/27FY.

4.5. The total allowable revenue of R491 873 809 is recommended for the 2026/27 tariff review period and is the basis upon which the tariffs were approved by the Energy Regulator, as shown in Table 3 below. Following the assessment of the COS study, D-forms and supporting financial information, NERSA made adjustments amounting to R10 364 789, resulting in an approved revenue requirement of R481 509 020, as shown in Table 3 below.

Table 3: Revenue requirement components

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	157 334 000	149 820 000	152 816 400	-	152 816 400
Eskom bulk purchases	kWh	175 369 000	177 488 730	181 038 505	-	181 038 505
Total Energy Requirements	**kWh**	**175 369 000**	**177 488 730**	**181 038 505**		**181 038 505**
Total Losses	kWh	18 035 000	27 668 730	28 222 105		28 222 105
Technical losses	kWh	18 035 000	21 298 648	21 724 621	-	21 724 621
Non-technical losses	kWh	0	-6 370 083	-6 497 484	-	-6 497 484
Allowed losses	%	**10,28%**	**12,00%**	**12,00%**		**12,00%**
Total Energy losses	%	10,28%	15,59%	15,59%		15,59%
Cost drivers						
Energy purchases from Eskom	Rand	332 346 005	374 620 417	416 541 191	-	416 541 191
total energy purchases		**332 346 005**	**374 620 417**	**416 541 191**	**0**	**416 541 191**
Operational expenditure (incl. Depreciati	**Rand**	**59 204 305**	**62 164 520**	**75 053 458**	**-10364789,0**	**64 688 669**
General & Other	0	42 507 351	44 632 719	57 675 471	-10 364 789	47 310 682
Materials and supplies	Rand	2 522 059	2 648 162	2 807 052	0	2 807 052
Contracted Services	Rand	1 357 739	1 425 626	1 511 164	0	1 511 164
Salaries, wages and allowances (exclu. Repairs and	Rand	18 881 466	19 825 539	21 015 072	0	21 015 072
FBE paid to Eskom	Rand	-	-	10 364 789	-10 364 789	-
Current year depreciation	Rand	19 746 087	20 733 391	21 977 395	0	21 977 395
Shared OPEX	Rand	16 696 954	17 531 802	17 377 988	0	17 377 988
Bad debts (Allowance for Impairment)	Rand	1 328 362	1 394 780	1 478 467	-	1 478 467
Commission	Rand	10 670 106	11 203 612	10 670 106	-	10 670 106
Charges from other Municipal Departments	Rand	3 235 359	3 397 127	3 600 954	-	3 600 954
Operating Leases	Rand	1 463 127	1 536 283	1 628 460	-	1 628 460
General expenses		**0**	**0**	**0**	**0**	**0**
Total Expediture before surplus		391 550 310	436 784 937	491 594 649	0	481 229 860
Surplus	Rand	39 155 031	43 678 494	49 159 465	0	48 122 986
Total Expenditure Including Surplus		430 705 341	480 463 431	540 754 114	0	529 352 846
Other revenues	Rand	**-7 371 935**	**-7 740 531**	**-8 204 815**	**0**	**-8 204 815**
Reconnection fees	Rand	7 243 547	7 605 724	8 062 068	-	8 062 068
New connections	Rand	99 170	104 128	110 376	-	110 376
Meter Testing	Rand	2 348	2 465	2 465	-	2 465
Street Lighting	Rand	26 870	28 214	29 906	-	29 906
Other Revenue -	Rand				-	**0**
Total Allowable Revenus	**Rand**	**423 333 406**	**472 722 900**	**532 549 299**	**-10 364 789**	**522 184 510**
increase required				***12,66%***	***10,46%***	

4.6. Figures were verified using Eskom invoices and verified electricity-related operating costs (tested against 2024/25 D-forms, trial balance and audited AFS). Only prudently incurred and efficiently verified costs, supplemented by a reasonable surplus margin, are recommended for approval. This forms the basis for projecting costs for the 2026/27 financial year, using assumptions to calculate revenue requirements.

4.7. Furthermore, NERSA has verified all expense items included in the revenue requirements to ensure that they relate only to the licensee's electricity

function. In instances where expenses are deemed inflated or unjustified, these have been adjusted accordingly.

Bulk Purchases

4.8. For 2026/27FY, the licensee has applied for a bulk purchase expenditure of R408 373 716, which accounts for 85% of total costs, inclusive of the 12% energy loss allowance. Bulk purchases were verified against the 2024/25 Eskom invoices.

4.9. To get to the 2026/27 estimate, the licensee provided the year-to-date figures for 2025/26, then estimated that this cost item would increase by 9,01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

Operating Expenditure (Including Depreciation)

4.10. The licensee applied for operating expenditure of R77 139 511 for the 2026/27 financial year. NERSA assessed the prudency and reasonableness of the proposed operating costs against the supporting information submitted, historical expenditure trends and the COS study.

4.11. During the assessment, NERSA identified that an amount of R10 364 789 relating to FBE payments to Eskom had been included in operating expenditure. As FBE costs are funded through the municipality's equitable share allocation and do not constitute an operating cost to be recovered through electricity tariffs, the amount was excluded from the allowable operating expenditure.

4.12. Consequently, NERSA reduced the proposed operating expenditure by R10 364 789, resulting in an allowable operating expenditure of R66 774 722.

Surplus

4.13. The licensee proposed a surplus of R14 565 397 for the 2026/27 financial year. Following NERSA's assessment and adjustments to the operating expenditure, including the exclusion of the FBE cost of R10 364 789, the allowable surplus amounts to R14 254 453.

4.14. The municipality reported an operating surplus in the electricity distribution business. While a surplus may indicate that electricity revenues exceed operating costs, it should not be interpreted as excess funds available for non-electricity purposes. Instead, the surplus serves as an essential

financial buffer to support the sustainability and reliability of the electricity distribution network

4.15. The approved surplus represents approximately 2.99% of the total allowable expenditure of R475 148 438, which is considered reasonable and prudent for the sustainability of the electricity undertaking. The surplus is not intended to generate excessive profits but serves as a financial buffer to strengthen the municipality's financial position and ensure the continued provision of reliable electricity services.

4.16. The Energy Regulator is of the view that a reasonable surplus contributes to the financial sustainability of the electricity distribution business and should be retained as a buffer for network maintenance, asset renewal, and operational risks, rather than being diverted to subsidise unrelated municipal activities.

Conclusion on Costs to Serve

4.17. NERSA assessed the COS study in accordance with the approved COS Methodology and determined that the costs proposed by the licensee were generally reflective of the cost of providing electricity services. The assessment confirmed that bulk electricity purchases remain the primary cost driver, accounting for approximately 85% of the total allowable revenue requirement.

4.18. The licensee applied for a total allowable revenue of R491 873 809, which would have resulted in a tariff increase of 11.25%. During the assessment, NERSA identified FBE payment of R10 364 789 to Eskom as inefficient and not prudently incurred for tariff-setting purposes. Therefore, these costs were disallowed and excluded from the allowable revenue requirement.

4.19. The municipality applied for an 8.76% tariff increase. The proposed 8.76% tariff increase is a customer-supportive adjustment that mitigates the impact of rising electricity costs. However, its misalignment with the 9.01% Eskom bulk increase results in cost under-recovery, thereby placing pressure on the licensee's financial position. While the impact on customers is positive in the short term, the approach may not be sustainable if cost recovery gaps persist over time.

4.20. NERSA is satisfied that the approved revenue requirement provides for the recovery of prudently incurred and efficiently managed costs associated with bulk electricity purchases, operations, maintenance, depreciation and a reasonable surplus, while protecting customers from funding inefficient expenditure.

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	Energy charge: c/kWh	30A	289,33	8,76%	314,68	314,68	8,76%	
5. Residential	Basic charge: R/month	15kVA	554,22	8,76%	602,77	602,77	8,76%	The 8.76% increase favours customer affordability and demand stability, but introduces a small revenue shortfall, reflecting a trade-off between cost recovery and customer impact.
	Energy charge: c/kWh	15kVA	297,48	8,76%	323,54	323,54	8,76%	
6. Residential	Basic charge: R/month	30kVA	970,26	8,76%	1055,25	1055,25	8,76%	The 8.76% increase favours customer affordability and demand stability, but introduces a small revenue shortfall, reflecting a trade-off between cost recovery and customer impact.
	Energy charge: c/kWh	30kVA	316,83	8,76%	344,58	344,58	8,76%	
7. Residential	Basic charge: R/month	45kVA	1467,91	8,76%	1596,5	1596,5	8,76%	The 8.76% increase favours customer affordability and demand stability, but introduces a small revenue shortfall, reflecting a trade-off between cost recovery and customer impact.
	Energy charge: c/kWh	45kVA	320,2	8,76%	348,25	348,25	8,76%	

Commercial Customers

Tariff Name			2025/26FY Approved	2026/27 Proposed % Increase	2026/27FY Proposed Tariff	2026/27FY Recommended Tariff	2026/27 Recommended % Increase	Analysis and Key Findings
8.Commercial	Energy charge: c/kWh	60A Single Phase	407,89	8,76%	443,62	443,62	8,76%	The 8.76% increase supports business affordability and demand stability, but results in a minor revenue gap for the licensee, reflecting a trade-off between cost recovery and economic impact on commercial customers.
9.Commercial	Energy charge: c/kWh	60A Three Phase	407,7	8,76%	443,41	443,41	8,76%	
10.Commercial	Basic charge: R/month	15kVA	809,88	8,76%	880,83	880,83	8,76%	The 8.76% increase supports business affordability and demand stability, but results in a minor revenue gap for the licensee, reflecting a trade-off between cost recovery and economic impact on commercial customers.
	Energy charge: c/kWh	15kVA	319,51	8,76%	347,5	347,5	8,76%	
11. Commercial	Basic charge: R/month	25kVA Three Phase	1506,8	8,76%	1638,8	1638,8	8,76%	The 8.76% increase supports business affordability and demand stability, but results in a minor revenue gap for the licensee, reflecting a trade-off between cost recovery and economic impact on commercial customers.
	Energy charge: c/kWh	25kVA Three Phase	316,43	8,76%	344,15	344,15	8,76%	

12.Commercial	Basic charge: R/month	45kVA Three Phase	2747,92	8,76%	2988,64	2988,64	8,76%	The 8.76% increase supports business affordability and demand stability, but results in a minor revenue gap for the licensee, reflecting a trade-off between cost recovery and economic impact on commercial customers.
	Energy charge: c/kWh	45kVA Three Phase	300,06	8,76%	326,35	326,35	8,76%	
13.Commercial	Basic charge: R/month	70kVA Three Phase	4584,08	8,76%	4985,65	4985,65	8,76%	The 8.76% increase supports business affordability and demand stability, but results in a minor revenue gap for the licensee, reflecting a trade-off between cost recovery and economic impact on commercial customers.
	Energy charge: c/kWh	70kVA Three Phase	296,23	8,76%	322,18	322,18	8,76%	

Industrial Customers

Tariff Name			2025/26FY Approved	2026/27 Proposed % Increase	2026/27FY Proposed Tariff	2026/27FY Recommended Tariff	2026/27 Recommended % Increase	Analysis and key findings
14.Industrial	Basic charge: R/month	<100kVA	6135,12	8,76%	6672,56	6672,56	8,76%	The 8.76% increase supports industrial affordability and operational stability, but introduces a minor revenue shortfall for the licensee, reflecting a trade-off between cost recovery and supporting industrial activity.
	Energy charge: c/kWh	<100kVA	167,88	8,76%	182,58	182,58	8,76%	
	Demand Charge: c/kWh	<100kVA	459,56	8,76%	499,82	499,82	8,76%	

15. Industrial	Basic charge: R/month	>100kVA	12266,09	8,76%	13340,6	13340,6	8,76%	The 8.76% increase supports industrial affordability and operational stability, but introduces a minor revenue shortfall for the licensee, reflecting a trade-off between cost recovery and supporting industrial activity.
	Energy charge: c/kWh	>100kVA	155,81	8,76%	169,46	169,46	8,76%	
	Demand Charge: c/kWh	>100kVA	441,56	8,76%	480,24	480,24	8,76%	

7. CONFIDENTIALITY

7.1. None.

8. CONCLUSION

8.1. From a conspectus of the facts and evidence presented to the REC, supporting information, stakeholder inputs and applicable legal framework, it is appropriate to consider and approve DKLM's tariff application for the 2026/27 financial year, as set out in this reasons for decision document.

End.