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

Makhado Local Municipality

THE DECISION

1. At its meeting held on 27 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 7(Page 18) 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

TABLE OF CONTENTS

THE DRAFT DECISION 1
TABLE OF CONTENTS 3
ABBREVIATIONS 5
1. INTRODUCTION 6
2. LEGAL AND REGULATORY FRAMEWORK 7
3. FINANCIAL AND TECHNICAL PERFORMANCE 11
4. DETERMINATION OF MAKHADO's TARIFFS BASED ON THE COST OF SUPPLY ADJUSTED DATA 13
5. PUBLIC PARTICIPATION 18
6. THE OBJECTORS AND OTHER INTERVENING PARTIES 19
7. TARIFF ANALYSIS: 19
8. CONFIDENTIALITY 22
9. CONCLUSION 22

LIST OF TABLES

Table 1: Customer Statistics 6
Table 2: Performance Indicators 12
Table 3: Assessment of Energy Losses and Revenue Impact 12
Table 4: Municipality's Revenue Requirement 15
Table 5: Operating Expenditure 16

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
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. Makhado municipality is situated in the Vhembe district in the Limpopo province. The municipality has a total of 28 668 customers, with a predominant industrial customer base accounting for 31.18% of the total electricity sales, as indicated in the table 1 below. and

1.3. Eskom provides 50 kWh of free basic electricity per month to all 9 320 indigent customers in line with national policy objectives aimed to ensuring access to basic energy services for low-income households. The customer statistics are set out in Table 1 below.

Table 1: Customer Statistics

Consumer classification	Consumption (MWh)	MWh %	Number of customers
Domestic (pre-paid)	42 809	25,27	21 139
Domestic (conventional)	6 852	4,04	3 425
Agriculture	30 445	17,97	124
Manufacturing / Industrial	52 815	31,18	607
Commercial (pre-paid)	992	0,59	206
Commercial (conventional)	35 493	20,95	3 167
Total	**169 406**	**100,00**	**28 668**

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

1.5. Makhado implemented a 15.62% average price increase in 2025/26FY and is applying for an average price increase of 12.41% for the 2026/27FY.

1.6. NERSA followed the notice and comment consultation process. Makhado's tariff application was published on the NERSA website on 20 April 2026, on social media platforms and national and local newspapers to solicit written comments from affected parties.

1.7. The municipality has successfully submitted all requested supporting documentation required for the comprehensive analysis of the tariff application.

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

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 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. 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 Energy Regulator's 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:

- Section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions.
- Section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs.
- Section 14(1)(d) of the ERA authorizes the Energy Regulator to impose licensee 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:

- must enable an efficient licensee to recover the full cost of the licensed activity;
- must allow for a reasonable return commensurate with the risk of the licensed activity;
- may provide incentives for continued improvement of technical and economic efficiency;
- must avoid undue discrimination between customer categories;
- may permit cross-subsidies of tariffs to certain classes of customers; and
- 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 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 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 recognizes 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 consistently applied 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 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 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, recognizing 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 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 the 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 with respect to 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; and
- 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; and
- 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 comprising 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. **Level of reliability of information**

3.1.1. In evaluating the financial and technical performance of Makhado, the assessment was based on the 2024/25 Distribution forms (D forms) submitted with the tariff application. The data was verified against supporting documents, including the Trial Balance and the Audited Annual Financial Statements, and is therefore considered reliable for tariff analysis.

3.1.2. Table 2 below shows Makhado Local Municipality Technical and financial performance:

Table 2: Performance Indicators

Information Obtained for the D-forms		
Performance indictors	**FY 2024/25 D-forms**	**FY2023/24 D-forms**
Surplus %	9,63	3,50
Energy Losses %	12,17	11,59

3.1.3. The municipality's surplus increased from 3.50% in the 2023/24 financial year to 9.63% in 2024/25, primarily due to a reduction in total expenditure, as set out below:

- Total expenditure declined by 10%, largely due to the completion of the once-off procurement of energy-loss management meters in the 2023/24 financial year.

3.1.4. As shown in Table 3 above, energy losses increased from 11.59% in 2023/24 financial year to 12.17% in 2024/25 FY. The municipality attributed this increase to network expansion and the electrification of three areas within its supply area. The municipality should implement energy-loss control measures to reduce losses to single-digit levels.

3.1.5. In Table 3, If losses were reduced to 12%, the municipality would:

- Increase energy available for sale by approximately 2 999 295.14 kWh; and generate additional revenue of approximately R5 643 414.29, increasing the surplus from 9.63% in financial year to 10.45% financial year.

If losses were reduced further to 6%, the municipality would:

- Increase energy available for sale by approximately 13 447 013.47 kWh; and generate additional revenue of approximately R25 301 634.02, increasing the surplus from 9.63% to 13.17%.

Table 3: Assessment of Energy Losses and Revenue Impact

	D-Form Input	**Energy Loss@12%**	**Energy Loss@12%**
Average Selling Price c/kWh	188,16		
Sales kWh	181 577 062,00	184 576 357,14	195 024 075,47
Purchases kWh	206 725 520,00	206 725 520,00	206 725 520,00
Losses kWh	25 148 458,00	22 149 162,86	11 701 444,53
Losses percentage	12,17%	12,00%	6,00%
Additional Energy (kWh)		2 999 295,14	13 447 013,47
Additional Revenue (Rands)		5 643 414,29	25 301 634,02
	D-Form Input	**Energy Loss@12%**	**Energy Loss@ 6%**
Total Revenue (Rands)	620 359 554,00	626 002 968,29	645 661 188,02

Total Expenses (Rands)	560 604 574,00	560 604 574,00	560 604 574,00
Net Profit (Loss)	59 754 980,00	65 398 394,29	85 056 614,02
Percentage Surplus/Deficit	**9,63%**	**10,45%**	**13,17%**

3.1.6. The Energy Regulator notes that the municipality's current level of losses has materially impact on the financial sustainability of the electricity undertaking and places additional pressure on consumer tariffs. The municipality is therefore encouraged to implement appropriate technical and non-technical loss reduction measures, including network refurbishment, revenue protection initiatives, bulk and feeder metering, and improved energy balancing practices.

3.1.7. The Energy Regulator is of the view that efficient management and reduction of electricity losses would improve the municipality's financial position and reduce reliance on higher tariff increases to sustain operations.

3.1.8. In accordance with the cost-plus methodology, only prudent and efficient costs are recognised. The comparison between the two scenarios demonstrates that the current level of losses is inefficient and not supportable sustainable for tariff-setting purposes. Accordingly, operational improvements, particularly the reduction of energy losses, are required. Tariff adjustments alone will not restore financial sustainability without the implementation of effective loss-reduction interventions.

4. DETERMINATION OF MAKHADO'S TARIFFS BASED ON THE COST OF SUPPLY ADJUSTED DATA

4.1. The municipality submitted its existing COS study which supports the tariffs application which will be approved in the 2026/27 financial year. The municipality's COS study was inclusive of all requirements of NERSA's approved COS framework (i.e. Revenue Requirement, Costs Functionalization, Costs Classification, Costs Allocation and Rate Setting).

4.1.1. Policy position 23 states that *Electricity distributors shall undertake COS studies at least every five years, but at least when significant licensee structure changes occur, such as in customer base, relationships between cost components and sales volumes. This must be done according to the approved NERSA standard to reflect changing costs and customer behavior. The cost-of-service methodology used to derive tariffs must accompany applications to the regulator for changes to tariff structures.*

4.1.2. Section 18.7 of October 2023 NERSA-approved Cost of Supply Framework states that:

"*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."*

4.1.3. In line with Section 18.7 mentioned below, Table 4 below was developed, and the definition of the columns is as follows:

I. Column 1: is the actual 2024/25 financial year 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 financial year 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 the Regulator considered and approved the 2026/27 cost of supply 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 FY 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 the NERSA's recommended amounts that sum up to allowable revenues the licensee must recover in FY 2026/27.

4.1.4. The total allowable revenue of R620 359 554 is for the FY2025/26 tariff review and is based on the cost of supply revenue and the volumes used to determine the tariffs that were approved by the Energy Regulator, as shown in Table 4 below.

4.1.5. The COS study is applicable for five years; however, municipalities need to reflect the adjustments on their cost drivers for the FY2026/27. NERSA used the budgeted figures submitted by the licensee to check the reasonableness as well as the licensee's current operational requirement to ensure that municipalities do not over- or under-recover during the FY2026/27 tariff review process.

4.1.6. To determine an increase applicable for the 2026/27 financial year, the licensee submitted its 2026/27 financial year cost (budgeted cost plus surplus) as requested by NERSA, and total budgeted required revenue that amounted to R697 594 319 for the FY2026/27 tariff review process.

Table 4: Municipality's Revenue Requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	181 577 062	194 287 456	-	194 287 456
Eskom bulk purchases	kWh	206 725 520	208 792 775	-	208 792 775
Total Energy Requirements	**kWh**	**206 725 520**	**208 792 775**		**208 792 775**
Total Losses	kWh	25 148 458	14 505 319		14 505 319
Technical losses	kWh	24 807 062	14 505 319	-	14 505 319
Non-technical losses	kWh	-341 396	0	-	0
Allowed losses	%	**12,00%**	**6,95%**		**6,95%**
Total Energy losses	%	12,17%	6,95%		6,95%
Cost drivers					
Energy purchases from Eskom	Rand	437 654 639	477 043 557	(274 618)	476 768 938
Total energy purchases		**436 931 877**	**477 043 557**	**(274 618)**	**476 768 938,44**
Operational expenditure (incl. Depreciation)	**Rand**	**144 740 898**	**157 133 097**	**0**	**157 133 097**
General & Other	**0**	**142 065 667**	**153 886 706**	**0**	**153 886 706**
Salaries and allowances	Rand	60 461 732	66 506 681	0	66 506 681
Materials and supplies	Rand	20 713 337	25 135 620	0	25 135 620
Contracted Services	Rand	6 341 037	7 694 844	0	7 694 844
Current year depreciation	Rand	54 549 561	54 549 561	0	54 549 561
Shared OPEX	**Rand**	**2 675 231**	**3 246 391**	**0**	**3 246 391**
Bad debts (Allowance for Impairment)	**Rand**	2 675 231	3 246 391	0	3 246 391
Total Expenditure before surplus		581 672 775	634 176 653		633 902 035
Surplus	**Rand**	59 754 980	63 417 665	0	63 417 665
Total Expenditure Including Surplus		641 427 755	697 594 319	0	697 319 701
Other revenues	**Rand**	**(21 068 201)**	**0**	**0**	**0**
Reconnection fees	Rand	16 333 428	0	0	0
New connections	Rand	1 815 981	0	0	0
1.Interest earned	Rand	2 129 852	0	0	0
Total Allowable Revenues	**Rand**	**620 359 554**	**697 594 319**	**(274 618)**	**697 319 701**
increase required			***12,45%***	***12,41%***	

4.1.7. It is important to test the efficiency and prudency of the costs in the 2025/26 financial year since this is the most recently considered revenues in support of the approved tariffs during this period. This forms the basis on which costs for the 2026/27 financial year will be projected using assumptions to calculate revenue requirements for that year.

4.1.8. NERSA also audited all revenue requirement expenses, confirming they pertain solely to electricity operations. The regulatory framework requires adjustments for any inflated or unjustified costs, but no such inefficiencies were found.

Bulk Purchases

4.1.9. The licensee applied for bulk purchase expenditure of approximately R477.0 million for the 2026/27 financial year, representing about 68.3% of the total allowable revenue and remaining the most significant cost driver in the municipality's electricity business.

4.1.10. To estimate the 2026/27 bulk purchase cost, the licensee annualised the 2025/26 year-to-date expenditure, given that the full financial year had not yet been completed, and escalated the result by 9.01% in line with the approved Eskom Retail Tariff and Structural Adjustment (ERTSA).

4.1.11. The Eskom bills were analysed and no NMD exceedance penalties or interest charges on Eskom debt were identified. However, the municipality's actual energy losses of 12.17% exceeded the 12.00% benchmark applied for regulatory purposes. Accordingly, the cost associated with the excess losses was disallowed, resulting in a downward adjustment of R274 618 to the bulk purchase cost.

Operating Expenditure (including depreciation)

Table 5: Operating Expenditure

Cost Driver	Units	Applied Opex 2026/27	Adjustment	Approved Opex 2026/27
General & Other	**Rand**	**153 886 706**	**0**	**153 886 706**
Salaries and allowances	Rand	66 506 681	0	66 506 681
Materials and supplies	Rand	25 135 620	0	25 135 620
Contracted Services	Rand	7 694 844	0	7 694 844
Current year depreciation	Rand	54 549 561	0	54 549 561
Shared OPEX	**Rand**	**3 246 391**	**0**	**3 246 391**
Bad debts (Allowance for Impairment)	Rand	3 246 391	0	3 246 391

4.1.12. Depreciation amounted to approximately R54.5 million in the 2024/25 financial year (the assets valued at R1 195 307 668,44) and was maintained at the same level for the 2026/27 review. The approved operating expenditure of 153 886 706 therefore includes depreciation of R54.5 million. Furthermore, the bad debt is of 1.86% (3 246 391 of 697 319 701) or collection rate of 98,14%, is budgeted for and recommended as it is within the norm of 5%.

Surplus

4.1.13. The licensee applied for a surplus of R63.4 million for the 2026/27 financial year.

4.1.14. In recommending a surplus, NERSA relied on section 15(1)(a) of the ERA, which provides that tariffs must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return. In applying this provision, together with the COS methodology, NERSA is required to ensure that Makhado recovers efficiently and prudently incurred costs, including a reasonable return, while preventing excessive compensation.

4.1.14.1. The approved surplus represents approximately 9.09% of the total allowable revenue of R697.3 million. This level cannot be regarded as excessive in the circumstances; rather, it provides a reasonable buffer to support the sustainability of the electricity undertaking while remaining subject to operational performance and regulatory scrutiny

.

4.1.14.2. The surplus forms an important component of the municipality's electricity business sustainability as it contributes towards:

a) funding future infrastructure refurbishment and replacement;

b) strengthening cash flow and working capital requirements;

c) mitigating financial risks associated with bulk electricity price increases and revenue under-collection;

d) supporting the long-term financial viability of the electricity undertaking.

4.1.14.3. The municipality's ability to realise the approved surplus remains dependent on several operational and financial factors, including the effectiveness of revenue collection, the management of technical and non-technical losses, the containment of operating expenditure, and the municipality's ability to manage Eskom-related obligations without incurring avoidable penalties or interest charges.

a) the effectiveness of revenue collection;

b) the management of technical and non-technical energy losses;

c) the containment of operating expenditure; and

d) the municipality's ability to manage Eskom-related debt obligations and avoid additional interest charges and penalties.

Page 18 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9163/MakhadoMunicipalityReasonsforDecisionontariffapplicationproce

Page 19 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9163/MakhadoMunicipalityReasonsforDecisionontariffapplicationproce

Urban and Peri-urban Tariff (Small Business Conventional – 1PH & 3PH 60 – 80AMP≤50KVA INSTALLED NMD)	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Basic charge(R/month)	1131.10	1274.90	12.41%	1274.90	12.41%	*The proposed increase of 12.41% is uniform across the tariffs.*
Energy Charge(c/kWh)	2.9334	3.3062	12.41%	3.3062	12.41%	

Industrial Tariffs

Industrial High Tariffs (Urban and Peri-urban (Farms) 11KV &22 KV ≥500KVA 3PH	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Basic charge(R/month)	1786.10	2013.10	12.41%	2013.10	12.41%	*The proposed increase of 12.41% is uniform across the tariffs.*
Energy Charge(c/kWh)	1.9709	2.2214	12.41%	2.2214	12.41%	
Demand Charge (R/kVA)	489.65	551.88	12.41%	551.88	12.41%	

Commercial Tariffs

High Tariffs (Urban and Peri-urban (Farms) 11KV &22 KV ≥500KVA 3PH	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Basic charge(R/month)	2 368	2 669.10	12.41%	2 669.10	12.41%	*The proposed increase of 12.41% is uniform across the tariffs.*
Energy Charge(c/kWh)	1.9368	2.1830	12.41%	2.1830	12.41%	
Demand Charge (R/kVA)	509.19	573.90	12.41%	573.90	12.41%	

Time of Use Tariffs(400V & 11KV & 22 KV ≥500KVA 3PH INSTALLED NMD)	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Basic Charge (R/month)	2205,5	2479,2	12,41%	2479,2	12,41%	*The proposed increase of 12.41% is uniform across the tariffs.*
Energy charges low season						
Peak (R/kWh):	2,8992	3,2677	12,71%	3,2677	12,71%	
Standard (R/kWh):	1,9956	2,2492	12,71%	2,2492	12,71%	
Off-peak (R/kWh):	1,1755	1,3249	12,71%	1,3249	12,71%	
KVAR(/kVA)	0,0045	0,0051	13,33%	0,0051	13,33%	
Energy charges high season						
Peak (R/kWh):	6,3637	7,1725	12,71%	7,1725	12,71%	
Standard (R/kWh):	2,7200	3,0657	12,71%	3,0657	12,71%	
Off-peak (R/kWh):	1,4386	1,6479	12,70%	1,6479	12,70%	
KVAR (R/kVA)	0,4779	0,5386	12,70%	0,5386	12,70%	
Demand charge (R/kVA):	264,5	297,32	12,41%	297,32	12,41%	

Municipal	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Basic charge(R/month))	405.30	456.80	12.41%	456.80	12.41%	*The proposed increase of 12.41% is uniform across the tariffs.*
Energy Charge(c/kWh)	1.9709	2.2214	12.41%	2.2214	12.41%	

8. CONFIDENTIALITY

9.1 None.

9. CONCLUSION

9.2 From a conspectus of the facts and evidence presented to the REC, it is appropriate to approve Makhado's tariff application for 2026/27 financial year.

End.