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

Ba-Phalaborwa Local Municipality

THE DECISION

1. At its meeting held on 11 May 2026, the Regulator Executive Committee (REC) considered the Ba-Phalaborwa 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 20) 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

BAU	Business as Usual
COS	Cost of Supply
D-form	Distribution form
EPP	Electricity Pricing Policy
ERA	Electricity Regulation Act, 2006
ERTSA	Eskom's Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
FY	Financial Year
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
PoDs	Point of Deliveries
REC	Regulatory Executive Committee
RfD	Reasons for Decision
RTP	Retail Tariff Plan
SEA	Sustainable Energy Africa
ToU	Time of Use

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receives and considers tariff applications yearly, 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. Ba-Phalaborwa is situated in the Limpopo province. The municipality is made up mostly of domestic customers, who consume 59,82% of the total electricity sales. The municipality provides its 926 indigent customers with 50kWh 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 1below.

Table 1: Customer Statistics (Data obtained from the latest D-forms – 2024/25)

Customer category	MWh	MWh%	Number of Customer
Domestic (pre-paid)	8 763	18,89	2 029
Domestic (conventional)	18 989	40,93	818
Manufacturing/Industrial	6 686	14,41	125
Commercial (pre-paid)	7 170	15,45	719
Commercial (conventional)	4 787	10,32	505
Total	**46 394**	**100**	**4 196**
Free Basic Electricity[1]	508,4	1,83	926

1.3. NERSA received Ba-Phalaborwa's tariff application together with its Cost of Supply (COS) on 25 March 2026. The reason for revising the study was to cater for Eskom's Retail Tariff Plan (RTP) approved by the Regulator in the FY 2025/26, as well as the municipality seeking to introduce new seasonal Commercial and Industrial tariffs.

1.4. Ba-Phalaborwa implemented a 12,9% average price increase in 2025/26 FY and is applying for an average price increase of 9,59% for the 2026/27FY, and there are no structural changes proposed in the current application.

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

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

1.6. NERSA's decision was made on 4 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

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 No. 3 of 2000) ("PAJA"), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 ("EPP").

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

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

- 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 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:

- 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 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 the 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 reflect the efficient cost of rendering electricity services accurately and that the average level of tariffs must be set to recover the approved revenue requirement.

2.6. **Cost of Supply Studies**

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

2.6.2. Paragraph 8.1 of the EPP notes that 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, recognising the potentially disruptive consequences of setting aside tariff determinations already implemented by municipalities, the Court declined to invalidate the tariffs. Instead, to assist in the timeous and lawful approval of municipal tariffs, the Court issued a structural interdict regulating the municipal tariff approval process going forward.

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

2.8. **Court-Directed Timelines**

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

- 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 2026/27 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Ba-Phalaborwa, 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 reliable for the purposes of the tariff analysis.

Surplus

3.2. Ba-Phalaborwa's electricity operating surplus dropped from 22.60% to 13.16%.

3.2.1. Internal assessments for FY 2024/25 reveal a marginal revenue growth of only 0.89%. This low growth was driven by a 6% decline in sales volumes and compounded by a 9.30% rise in operational costs, primarily due to increased Eskom bulk purchase prices.

3.2.2. To mitigate the volumetric risk (where revenue fluctuates based on consumption), the analysis of the FY2026/27 tariff application discovered that the municipality introduced a revised structure. This includes a new R85 basic charge for domestic prepaid customers to stabilise revenue.

Energy Losses

3.3. Energy losses increased from 27.56% to 32.37% in FY2024/25. This upward trend indicates that Ba-Phalaborwa's electricity business is on a negative trajectory, requiring immediate corrective intervention to prevent further financial instability.

3.4. The progress report on curbing energy losses indicates the following causes and corrective actions were put forth;

3.4.1. The municipality's high energy losses are primarily attributed to critical metering inaccuracies and non-technical issues. These challenges are compounded by ageing electrical infrastructure within the municipal distribution network.

3.4.2. A comprehensive meter audit was conducted to evaluate the status, operational integrity, and distribution of existing meters, establishing a baseline for

corrective action.

3.4.3. The split meter project is currently in the final phase of implementation.

Table 2: Performance Indicators

PERFORMANCE INDICATOR: OTAINED FROM D-FORMS		
indicators	***2024/25 FY***	***2023/24 FY (Approved)***
Surplus/Deficit (%)	13,16	22,60
Energy Losses (%)	32,37	27,56

3.5. Data derived from the **D-Forms**, coupled with the current financial trajectory and energy loss reports, underscores a critical need for action. The municipality must immediately accelerate the implementation of energy loss corrective measures to prevent further, and potentially irreversible, financial deterioration.

4. DETERMINATION OF BA-PHALABORWA'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

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

4.2. Ba-Phalaborwa 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 fairly and equitably. The study follows the NERSA COS framework and uses 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.

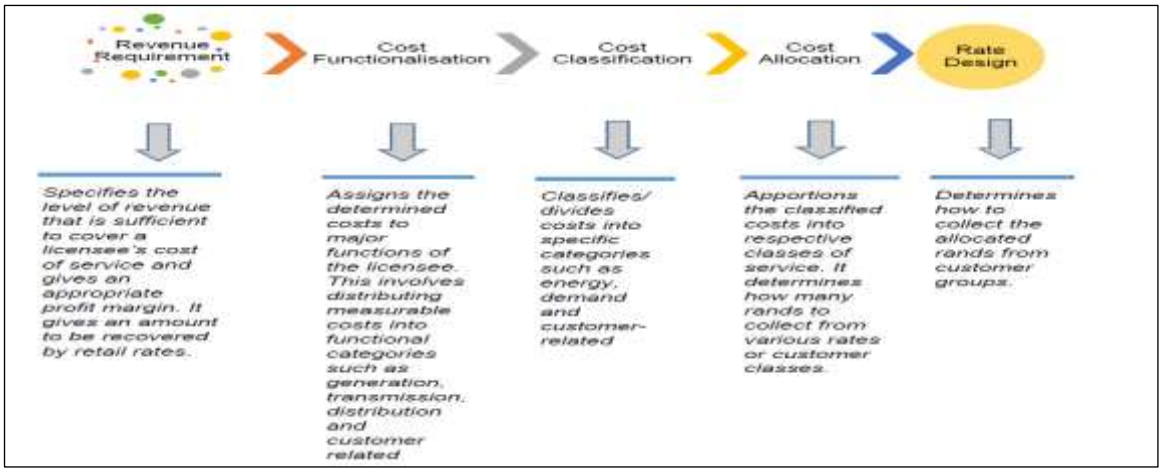


Figure 1: Five steps of COS

4.5. The following steps are undertaken to analyse the cost of supply study:

4.5.1. **Revenue Requirement**

4.5.1.1. Table 3 shows the municipality's revenue requirement of R201 056 million, driven mainly by R131 563 million (65%) bulk purchases and R43.606 million (22%) OPEX.

Table 3: Revenue Requirement Components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	65 504 523	135 552 163	201 056 686	100%
Energy purchases from Eskom - net of cost of losses	-	131 562 796	131 562 796	65%
Energy purchases from Eskom - cost of losses	16 992 746	6 202 126	23 194 872	12%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	43 606 364	-	43 606 364	22%
Other revenues	- 1 049 544	-	-1 049 544	-1%
Surplus	5 954 957	13 776 492	19 731 449	10%
Not allowable costs	10 607 543	27 925 389	38 532 932	
Cost of losses disallowed	10 607 543	27 925 389	38 532 932	
TOTAL COSTS	**76 112 066**	**163 477 552**	**239 589 618**	

4.5.1.2. The efficiency of costs for the 2024/25 financial year has been assessed, as these constitute the most recent set of 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. The energy losses above the 12% efficiency threshold are in management's control. As a result, R38.533 million in excess losses has been disallowed to

ensure that consumers do not bear the costs of operational, technical and non-technical failures.

Bulk purchases

4.5.1.4. Ba-Phalaborwa applied for bulk purchase expenditure amounting to R154.758 million, representing 72% 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 Ba-Phalaborwa 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 R38.533 million was also excluded, 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. Ba-Phalaborwa has applied for operational expenditure totalling R43,606 million, representing 20% of overall costs, as reflected in Table 3 above.

4.5.1.9. The approach adopted by Ba-Phalaborwa in forecasting operational expenditure is considered reasonable, and the amount is recommended for approval as requested. The internal assessment indicated cost components, such as NMD exceedance penalties and interest incurred on Eskom-related debt incurred by the municipality. However, following the efficiency assessment, these costs were deemed inefficient and were disallowed.

Surplus

4.5.1.10. Ba-Phalaborwa has requested a surplus of R19,731 million, contributing 9% of the total required revenue. This request is recommended for approval for its compliance with the NERSA COS framework.

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 201 056 million into two primary functional components, namely the **wires business (30%)** and the **retail business (70%)**, 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.

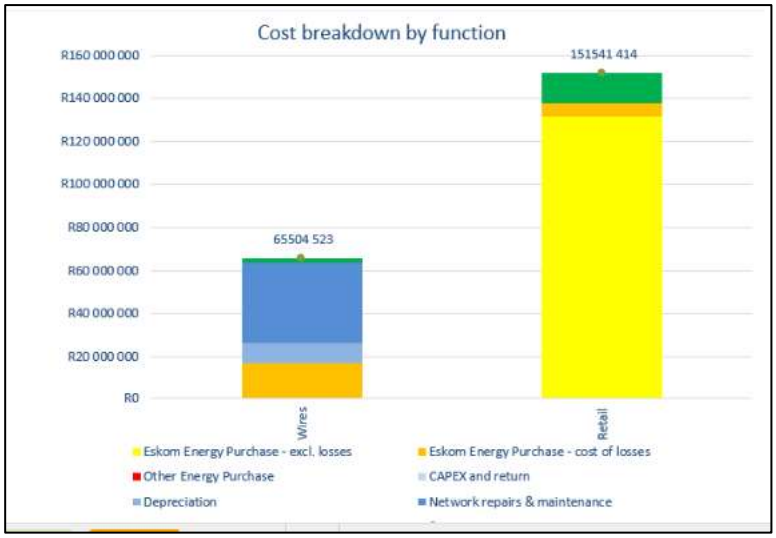


Figure 2 : Cost breakdown by functions

4.5.2.2. These costs, upon verification, are consistent with the approved revenue requirements. The wire business's major cost driver is network repair and maintenance, whereas the 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 requirement and cost functionalisation upon verification.

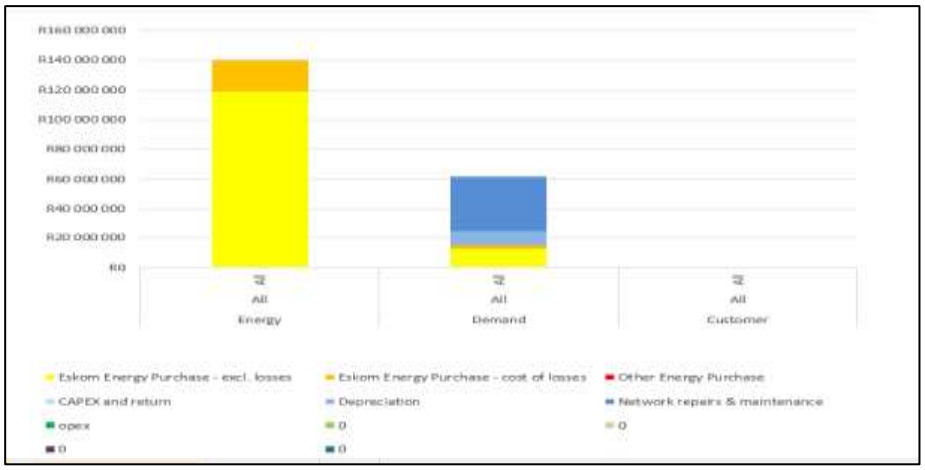


Figure 3*:* Cost breakdown by cost structure (Classification)

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, largely 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.

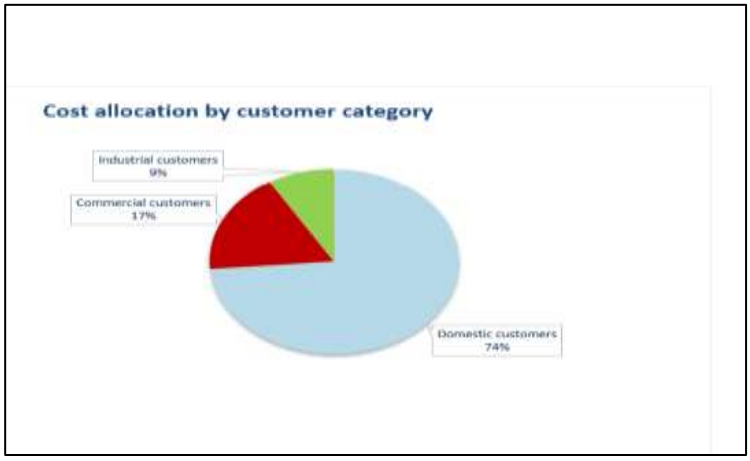


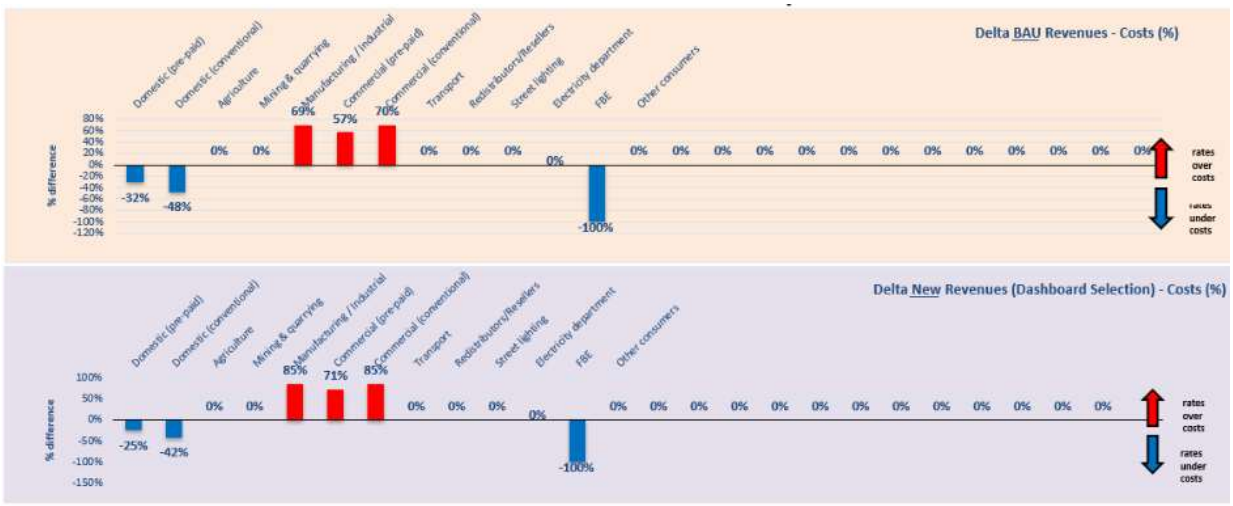
Figure 4: Costs Allocated

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 decreases. A comparison between the cost of supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Table 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 15,00% across all customer categories.

Table 4: 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, the municipality elected to implement such adjustments on a phased-in approach, including applying an increase below the COS-derived level.

5.2. This approach was informed by a range of considerations, including the need to maintain tariff sustainability to support ongoing demand for electricity services. Excessive tariff increases may adversely affect consumption levels, thereby impacting revenue stability.

5.3. In addition, the licensee considered 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.

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1.3 Domestic conventional	2025/26 Approved Tariffs	2026/27 Proposed Tariffs		2026/27 % increase	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Block 1 (0 -50 kWh)	196,95	Block 1 (0-350 kWh)	275,33	9,35%	275,33	9,35%	The municipality plans to reduce its four-block tariff structure to two blocks. The first block merges the previous Blocks 1 and 2, while the second block combines Blocks 3 and 4. The new tariffs are based on an 8.95% increase on the highest existing rates. This approach is recommended because it limits sharp price increases and better aligns municipal tariffs with Eskom's updated cost components and the municipality's metering, billing, and administration costs.
Block 2 (51 - 350 kWh)	251,79						
Block 3 (351 - 600 kWh)	341,30	Block 2 (351-600)	459,06	11,44%	459,06	11,44%	
Block 4 (> 600 kWh)	411,93						
Basic charge (R/month)	329,22		358,69	8,95%	358,69		

2.1 Commercial Conventional and Prepaid	2025/26 Approved Tariffs	2026/27 Proposed Tariffs		2026/27 % increase	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Energy charge (c/kWh):	423,76	Energy charges c/kWh	461,69	8,95%	461,69	8,95%	The energy increase remains below the municipal bulk purchases increase of 9,01%. The basic charge is designed to reduce the municipality's volumetric risk, ensuring more predictable revenue even if consumption drops due to energy efficiency or alternative power sources like solar. Therefore, the proposal is recommended.
		Basic Charges R/month	100,00	New Rate	100,00	New Rate	

2.2 Commercial Conventional	2025/26 Approved Tariffs	2026/27 % increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Basic Charge (R/month):	581,22	8,95%	633,24	633,24	8,95%	The municipality is proposing no structural changes, and the rates are increasing by an average of 8,95%. The proposal is recommended for approval.
Energy charge (c/kWh):	390,49	8,95%	425,44	425,44	8,95%	

2.3 Commercial Conventional 20kVA	2025/26 Approved Tariffs	2026/27 % increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Basic charge	New Rate	N/A	633,45	633,45	N/A	This specific tariff category is a new addition to the municipal billing structure for the 2026/27 Financial Year. As this is the first-time implementation, a year-on-year percentage increase is not applicable due to the absence of a prior comparative baseline. Providing a specific category ensures that these customers are not incorrectly billed under general or mismatched tariffs, promoting fairness and transparency in municipal billing.
Energy charge (c/kWh):	New Rate	N/A			N/A	
Low season	New Rate	N/A	425,44	425,44	N/A	
High Season	New Rate	N/A	460,39	460,39	N/A	
Demand Charge (R/kVA):	New Rate	N/A	248,48	248,48	N/A	

3,4 Commercial Conventional (Three Phase: 25kVA-100kVA	2025/26 Approved Tariffs	2026/27 % increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Basic charge	New Rate	N/A	633,45	633,45	N/A	This specific tariff category is a new addition to the municipal billing structure for the 2026/27 Financial Year. As this is a first-time implementation, a year-on-year percentage increase is not applicable due to the absence of a prior comparative baseline. Providing a specific category ensures that these customers are not incorrectly billed under general or mismatched tariffs, promoting fairness and transparency in municipal billing.
Energy charge (c/kWh):	New Rate					
Low season	New Rate		430,82	430,82		
High Season	New Rate		478,29	478,29		
Demand Charge (R/kVA):	New Rate		272,92	272,92		

3.1 Industrial Low Tension	2025/26 Approved Tariffs	2026/27 % increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Basic charge	2 763,11	8,95%	3 010,41	3 010,41	8,95%	The municipality is proposing no structural changes, and the rates are increasing by an average of 8,95%. The proposal is recommended for approval.
Energy charge (c/kWh):	218,15	8,95%	237,67	237,67	8,95%	
Demand Charge (R/kVA):	496,95	8,95%	541,43	541,43	8,95%	

3.2 Industrial Medium	2025/26 Approved Tariffs	2026/27 % increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended % increase	Analysis and key findings
Basic charge (R/month)	New Rate	N/A	3 010,41	3 010,41	N/A	This specific tariff category is a new addition to the municipal billing structure for the 2026/27 Financial Year. As this is a first-time implementation, a year-on-year percentage increase is not applicable due to the absence of a prior comparative baseline. Providing a specific category ensures that these customers are not incorrectly billed under general or mismatched tariffs, promoting fairness and transparency in municipal billing.
Energy charge (c/kWh):	New Rate					
Low season	New Rate		419,30	419,30		
High Season	New Rate		460,10	460,10		
Demand Charge (R/kVA):	New Rate		541,43	541,43		
Network charge R/kVA	New Rate		68,78	68,78		

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered the Ba-Phalaborwa application, supporting information, and applicable legal framework, approves the tariff adjustments as set out in these Reasons for Decision.

End.