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

Bergrivier Local Municipality

THE DECISION

At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered Bergrivier Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year (FY), set out in Table 1 below.

Table 1: Summary of the REC decision

Tariff Category	2026/27 approved % Increase
1. Domestic Indigent: Pre-paid (20 Amps single phase	8.00%
2. Domestic Lifeline tariff: Pre-paid (20 Amps single phase)	8.00%
3. Small:1 phase Conventional	8.00%
4. Small:1 phase Pre-paid	8.00%
5. Small:3 phase Conventional	8.00%
6. Small:3 phase Pre-paid	8.00%
7. Small:3 phase Munic	8.00%

8.	Bulk: TOU Medium Voltage: 11kV	8.00%
9.	Bulk: TOU Low Voltage: > 50 kVA (400V)	8.00%
10.	Small consumer TOU: Low Voltage: ≤ 50 kVA (400V	8.00%
11.	Small-Scale Embedded Generation (SSEG)	0.00%
12.	Electricity Streetlights	0.00%
13.	Electricity Availability	11.63%

Based on the information submitted and the analysis conducted, the REC decided:

1. to approve the tariffs based on the COS study, as recommended in the tariff analysis section, for implementation by the Municipality with effect from 1 July 2026;
2. to note the COS study submitted by the Municipality; and
3. that the Municipality must submit a report accounting for all 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.

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ABBREVIATIONS

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
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 an annual basis, in accordance with the mandate of the Energy Regulator to regulate prices and tariffs. Municipal tariffs must be approved by the Energy Regulator for implementation on 1 July of each financial year.

1.2. The Bergrivier Local Municipality (Bergrivier or 'the Municipality') is situated in the Western Cape. The customer base of the Municipality consists predominantly of domestic customers who account for 53% of total electricity sales. The Municipality provides its indigent customers with 50 kWh of Free Basic Electricity (FBE) per month and reports that it maintains an indigent register. Customer statistics are highlighted in Table **2** below.

Table 2: Customer statistics (data obtained from the latest D-forms – 2024/25FY

Customer categories	MWh	% MWh	Customer numbers
Domestic Prepaid	35 228	50	11 171
Domestic Conventional	2 303	3	229
Manufacturing	19 986	28	43
Commercial Prepaid	4 376	6	359
Commercial Conventional	3 415	5	100
Sold to other departments	5 753	8	48
TOTAL	**71 061**	**100**	**11 950**
[1]FBE	1 175	3[2]	2 085

1.3. NERSA received Bergrivier's tariff application together with its existing Cost of Supply study (COS), on 31 March 2026.

1.4. The Municipality implemented an average price increase of 13.95% in 2025/26 financial year and is applying for an average price increase of 8.00% for the 2026/27 financial year.

1.5. In accordance with NERSA requirements, all tariff applications must include confirmation that the proposed tariffs have been approved by the Municipal Council and have undergone customer consultation.

[1] This information is already included in the customer statistics table above under domestic prepaid/conventional category

[2] Percentage of Domestic MWh

1.6. For this application, the Municipality has indicated that the tariff application was approved by Council. The Council meeting at which this application was approved, was held on 31 March 2026, and the Council resolution was submitted to NERSA. Proof of customer consultation was also submitted on 31 March 2026.

1.7. NERSA followed the notice-and-comment consultation process. Bergrivier'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.

1.8. NERSA's decision was made on 6 May 2026, taking into consideration the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1. The approval of Municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives and court orders. The principal legal instruments governing the exercise of this regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004) (NERA), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended ('the ERA'), the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 (EPP).

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

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

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.
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 licenses 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 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 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 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 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 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. NERSA's 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 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 reliable for the purposes of the tariff analysis.

3.2. Table 3 below indicates that the Municipality's electricity business recorded a reduction in its percentage deficit, from 10.84% in the 2023/24 financial year to 5.45% in the 2024/25 financial year. This improvement is primarily attributable to increased revenue from electricity sales, including internal sales.

3.3. Energy losses decreased from 13.99% in the 2023/24 financial year to 11.74% in the 2024/25 financial year, as reflected in Table 3 below. The reduction is primarily attributable to the Municipality's completion of the verification and testing of Large Power User meter installations in 2025, as well as its ongoing efforts to integrate meter readings with the financial system. These interventions have contributed to improved accuracy and a reduction energy in losses.

Table 3: Performance indicators

Performance indicators	***Municipality 2024/25 D-forms Information***	***Municipality 2023/24 D-forms Information***
Percentage surplus (deficit): (%)	-5.45	-10.84[3]
Energy Losses: (%)	11.74	13.99

[3] Total Electricity Purchases divided by Total Expenditure

4. DETERMINATION OF BERGRIVIER'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 Functionalisation, Costs Classification, Costs Allocation and Rate Setting).

4.2. 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 behaviour. The cost-of-service methodology used to derive tariffs must accompany applications to the regulator for changes to tariff structures.

4.3. 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.

4.4. In line with section 18.7 mentioned above, **Error! Reference source not found.** 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 financial year 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 financial year 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 2026/27 financial year 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 or 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 2026/27 financial year.

4.5. The total allowable revenue of R228 million is for the 2025/26 financial year 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
4.6. Table 4 below.

4.7. The COS study is applicable for five years; however, municipalities need to reflect the adjustments on their cost drivers for the 2026/27 financial year. 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 2026/27 financial year tariff review process.

4.8. 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 R255 million for the 2026/27 financial year tariff review process.

Table 4: Municipality's revenue requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee
Sales	kWh	71 161 387	70 335 839	70 335 839
Eskom bulk purchases	kWh	80 631 282	77 721 102	77 721 102
Total Energy Requirements	**kWh**	**80 631 282**	**77 721 102**	**77 721 102**
Total Losses	kWh	9 469 895	7 385 263	7 385 263
Technical losses	kWh	9 469 895	7 385 263	7 385 263
Allowed losses	%	**11,74%**	**9,50%**	**9,50%**
Total Energy losses	%	11,74%	9,50%	9,50%
Cost drivers				
Energy purchases from Eskom	Rand	168 133 519	188 520 000	206 108 551
total energy purchases		**168 133 519**	**188 520 000**	**206 108 551**
Cost of technical losses	Rand	10 088 011	11 311 200	12 366 513
Non-Technical Losses		9 658 751	6 602 465	7 218 462
Capital expenditure	Rand	17 506 522	16 101 797	21 092 174
Operational expenditure (incl. Depreciati	**Rand**	**31 759 076**	**38 577 500**	**45 213 000**
General & Other	0	25 049 213	30 048 500	36 035 000
Salaries and allowances	Rand	10 399 881	13 595 000	16 366 000
Materials and supplies	Rand	3 366 116	3 699 673	4 746 000
Contracted Services	Rand	2 738 756	1 627 327	3 161 000
Current year depreciation	Rand	2 633 614	3 718 000	4 323 000
other general expenditure	Rand	5 910 847	7 408 500	7 439 000
Shared OPEX	Rand	6 709 863	8 529 000	9 178 000
Bad debts (Allowance for Impairment)	Rand	605 928	1 432 000	1 549 000
Charges from other Municipal Departments	Rand	6 103 935	7 097 000	7 629 000
Total Expediture before surplus		209 980 606	245 011 165	270 906 526
Surplus	Rand	-8 768 508	2 649 500	3 998 119
Total Expenditure Including Surplus		201 212 098	247 660 665	274 904 645
Other revenues	Rand	**-8 265 100**	**-19 647 000**	**-19 342 869**
Reconnection fees	Rand	1 297 956	1 090 000	1 149 950
Free Basic Electricity (Equitable share)	Rand	2 104 145	3 429 000	4 326 000
1.Interest earned	Rand	430 175	445 000	467 918
. Other Revenue - Government Grants and Subsidie	Rand	4 432 824	14 683 000	13 399 001
Total Allowable Revenus	**Rand**	**192 946 998**	**228 013 665**	**255 561 776**
increase required				***11.63%***

4.9. 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.

4.10. Furthermore, NERSA has verified all expense items included in the revenue requirement to ensure that they relate only to the electricity function of the licensee. In instances where expenses are deemed inflated or unjustified, these have been adjusted accordingly.

Bulk purchases

4.11. The Licensee applied for a bulk purchase expenditure of R206 million which accounts for 81% of total costs inclusive of the 9.50% energy loss allowance in line with the act that requires only the prudently and efficiently incurred cost to be passed through to customers.

4.12. To get to the 2026/27 estimate, the licensee projected the year-to-date amount for 2025/26, as the complete financial year data was unavailable, then applied a 9.01% increase to the cost item in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.13. The Eskom bills were analysed and there were no NMD exceedance penalties charged. Furthermore, the Municipality did not include Eskom interests charge on the outstanding account.

Operating Expenditure (Including Depreciation)

4.14. The Licensee applied for operational expenditure including depreciation R45 million as highlighted in **Error! Reference source not found.** above.

4.15. The Municipality adjusted the expenditure linked to the 2025/26 financial year tariffs, increasing it from R38 million to a budgeted amount of R45 million, reflecting a 17% increase in costs.

4.16. Depreciation amounted to R2 633 614 in the 2024/25 financial year. The projected depreciation for the 2025/26 financial year is R3 718 000, increasing to R4 323 000 million in the 2026/27 financial year budget, reflecting a growth of approximately 16%.

Surplus

4.17. The Municipality applied a cost-plus methodology, and not a rate of return (ROR) approach. Accordingly, no Regulatory Asset Base (RAB) was required or utilised in determining the revenue requirement. Under the cost-plus methodology, the allowable revenue is derived as follows:

a) Efficient and prudent operating expenditure (OPEX).
b) Plus, depreciation (as a proxy for asset consumption and future replacement).
c) Plus, a reasonable surplus margin.

4.18. The licensee applied for a surplus of R3 million which is based on a 2% return on OPEX including bulk purchases.

4.19. To ensure that the surplus is not excessive or detrimental to consumers, verification was undertaken by benchmarking the applied surplus margin of 10% against the established target range of 10–20%, in line with the approved NERSA Cost of Supply Framework, EPP Policy Position 1, D-Form, and the trial balance.

4.20. The proposed surplus is considered modest and conservative, falling well below the target range of 10-20%, and therefore does not impose an undue burden on consumers

4.21. In assessing the appropriateness of the surplus, qualitative risk factors were also considered, including revenue collection risks (such as non-payment and bad debts), operational risks (including energy losses and ageing infrastructure), as well as customer affordability and broader financial sustainability requirements.

4.22. Considering the above, the proposed surplus is considered reasonable, prudent, and appropriately aligned with the principles of the COS Framework, notwithstanding that it is below the typical benchmark range. The modest margin supports sustainability without over-recovery. Accordingly, the requested amount is supported and recommended for approval as submitted.

Conclusion on Costs to Serve

4.23. While the COS study outcome reflected an average tariff increase of 13.95% for the licensee to achieve full cost reflectivity, the municipality adopted a 3-year phase in approach to implement tariff increases below the COS outcomes. Some of the considerations for this decision include the licensee’s requirement to maintain a sustainable tariff level to drive the demand for its electricity services.

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Block 4 (>600 kWh)	332.09	358.66	8.00%	358.66	8.00%	13.95% required for full cost recovery as indicated by the study. The proposed increase, while not sufficient to fully address the under-recovery, represents a gradual step towards improved cost reflectivity without imposing significant tariff shocks. Accordingly, the proposed tariffs are considered prudent and reasonable.
Basic Charge R/month	431.40	465.91	8.00%	465.91	8.00%	

4. Small:1 phase Pre-paid	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Block 1 (0 - 50kWh)	203.97	220.29	8.00%	220.29	8.00%	The COS analysis indicates that the tariff is under-recovering by approximately 10%. The proposed increase, while not sufficient to fully address the under-recovery, represents a gradual step towards improved cost reflectivity without imposing significant tariff shocks. Therefore, the proposed tariff is considered reasonable.
Block 2 (51 - 250 kWh)	262.28	283.26	8.00%	283.26	8.00%	
Block 3 (251 - 600kWh)	361.81	390.76	8.00%	390.76	8.00%	
Block 4 (>600 kWh)	424.95	458.95	8.00%	458.95	8.00%	
Basic Charge R/month	76.00	82.08	8.00%	82.08	8.00%	

5. Small:3 phase Conventional	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Basic Monthly Charge (R/month)	1 539.90	1 662.87	8.00%	1 662.87	8.00%	The COS study indicates that the tariff structure is over-recovering by approximately 30%. However, the proposed increase remains below the 13.95% required for full cost recovery as indicated by the study. The proposed increase, while not sufficient to fully address the under-recovery,
Energy Charge (c/kWh)	328.93	355.24	8.00%	355.24	8.00%	

						represents a gradual step towards improved cost reflectivity without imposing significant tariff shocks. Accordingly, the proposed tariffs are considered prudent and reasonable.

6. Small:3 phase Pre-paid	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Basic Monthly Charge (R/month)	76.00	82.08	8.00%	82.08	8.00%	The COS study indicates that the tariff structure is over-recovering by approximately 10%. However, the proposed increase remains below the 13.95% required for full cost recovery as indicated by the study. The proposed increase, while not sufficient to fully address the under-recovery, represents a gradual step towards improved cost reflectivity without imposing significant tariff shocks. Accordingly, the proposed tariffs are considered prudent and reasonable.
Energy Charge (R/kWh)	364.23	393.36	8.00%	393.36	8.00%	

7. Small:3 phase Munic	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Basic Monthly Charge (R/month)	1 539.70	1 662.87	8.00%	1 662.87	8.00%	The COS analysis indicates under-recovering of 50% for this tariff category. The proposed increase, while not sufficient to fully address the under-recovery, represents a gradual step towards improved cost reflectivity without imposing significant
Energy Charge (R/kWh)	179.17	193.51	8.00%	193.51	8.00%	

						tariff shocks. Therefore, the proposed tariff is considered reasonable

8. Bulk: TOU Medium Voltage: 11kV	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Tariff Blocks						
Basic Charge per meter (R/month)	4 015.40	3 592.40	-10.53%	3 592.40	-10.53%	The COS study indicates that this tariff category is over-recovering by approximately 30%, reflecting a significant deviation from cost-reflective levels. The proposed tariff adjustments introduce a rebalancing of charges, including notable reductions in the basic and demand charges, alongside the introduction of network access and reactive energy charges to better align with cost drivers. While certain energy charges increase, particularly during peak periods, others decrease, supporting more efficient time-of-use price signals. Overall, the proposed structure represents a deliberate and phased correction of over-recovery, improving cost alignment while maintaining revenue stability and appropriate pricing signals. Accordingly, the recommended tariffs are supported as a measured transition toward cost reflectivity.
Network Access charge (R/kVA/month)	New	30.31	New	30.31	New	
Demand Charge (R/kVA/month)	422.04	322.64	-23.55%	322.64	-23.55%	
Reactive energy charge (R/kVaRh)	New	0.3110	New	0.3110	New	
Energy Charge (c/kWh)						
High Demand (June to August):						
Peak	228.81	255.42	11,63%	255.42	11,63%	
Standard	228.81	239.84	4,82%	239.84	4,82%	
Off-peak	228.81	221.10	-3,37%	221.10	-3,37%	
Low Demand (September to May)						
Peak	228.81	255.42	11.63%	255.42	11.63%	
Standard	228.81	236.09	3.18%	236.09	3.18%	
Off-peak	228.81	221.10	-3.37%	221.10	-3.37%	

9. Bulk: TOU Low Voltage: > 50 kVA (400V)	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Tariff Blocks						
Basic Charge per meter (R/month/POS)	4 015.40	3 033.53	-24.45%	3 033.53	-24.45%	The COS study indicates that this tariff category is over-recovering by approximately 25%, reflecting a significant deviation from cost-reflective levels. The proposed tariff adjustments introduce a rebalancing of charges, including notable reductions in the basic and demand charges, alongside the introduction of network access and reactive energy charges to better align with cost drivers. While certain energy charges increase, particularly during peak periods, others decrease, supporting more efficient time-of-use price signals. Overall, the proposed structure represents a deliberate and phased correction of over-recovery, improving cost alignment while maintaining revenue stability and appropriate pricing signals. Accordingly, the recommended tariffs are supported as a measured transition toward cost reflectivity.
Network Access charge (R/kVA/month)	New	30.31	New	30.31	New	
Network Demand Charge (R/kVA)	422.04	344.76	-20.68%	344.76	-20.68%	
Reactive energy charge (R/kVaHh)	New	0.3110	New	0.3110	New	
Energy Charge (c/kWh)						
High Demand (June to August):						
Peak	228.81	255.42	11.63%	255.42	11.63%	
Standard	228.81	239.84	4.82%	239.84	4.82%	
Off-peak	228.81	221.10	-3.37%	221.10	-3.37%	
Low Demand (September to May)						
Peak	228.81	255.42	11.63%	255.42	11.63%	
Standard	228.81	236.09	3.18%	236.09	3.18%	
Off-peak	228.81	221.10	-3.37%	221.10	-3.37%	

10. Small consumer TOU: Low Voltage: ≤ 50 kVA (400V)	***2025/26 Approved***	***2026/27 Proposed***	***2026/27 Proposed % Increase***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key Findings***
Tariff Blocks						
Basic Charge per meter (R/month/POS)	273.10	297.58	8.96%	297.58	8.96%	The Cost of Service (COS) analysis indicates that this tariff category is revenue neutral, suggesting that current charges are broadly aligned with the cost of providing the service. The proposed adjustments reflect a moderate and balanced refinement of the tariff structure, with incremental increases across certain components and the retention of key price signals. Importantly, peak period charges are maintained, while other elements are adjusted to support gradual alignment and revenue stability. Overall, the changes are measured and do not materially alter the cost-reflective position of the tariff. The structure continues to promote efficient consumption through time-of-use pricing while remaining mindful of affordability for smaller consumers. Accordingly, the proposed tariff is considered fair, reasonable, and appropriate, and is therefore recommended for approval.
Demand Charge: (R/Amp/phase/month)	3.67	4.09	11.63%	4.09	11.63%	
Energy Charge (c/kWh)						
High Demand (June to August):						
Peak	774.00	774.00	0%	774.00	0%	
Standard	245.00	267.94	9.36%	267.94	9.36%	
Off-peak	186.00	207.63	11.63%	207.63	11.63%	
Low Demand (September to May)						
Peak	361.00	379.28	5.06%	379.28	5.06%	
Standard	233.00	256.70	10.17%	256.70	10.17%	
Off-peak	186.00	207.63	11,63%	207.63	11,63%	

11. Small-Scale Embedded Generation (SSEG)	*2025/26 Approved*	*2026/27 Proposed*	*2026/27 Proposed % Increase*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key Findings*
Tariff Blocks						
Feed-Inn Energy Credit (c/kWh)						The SSEG tariff supports energy security, promotes renewable energy uptake, and enables more efficient use of the municipal network within the Municipality. The proposed Export Energy Charges remain unchanged from the 2025/26 financial year, provides pricing stability and avoids tariff shocks while remaining aligned with cost-reflective principles. It balances customer incentives with municipal financial sustainability and supports the controlled integration of an embedded generation. Accordingly, the tariff is considered appropriate and is recommended for approval.
High Demand (June to August):						
Peak	(522.29)	(522.29)	0%	(522.29)	0%	
Standard	(145.66)	(145.66)	0%	(145.66)	0%	
Off-peak	(103.83)	(103.83)	0%	(103.83)	0%	
Low Demand (September to May)			0%		0%	
Peak	(228.52)	(228.52)	0%	(228.52)	0%	
Standard	(137.30)	(137.30)	0%	(137.30)	0%	
Off-peak	(103.83)	(103.83)	0%	(103.83)	0%	

12. Electricity Streetlights	*2025/26 Approved*	*2026/27 Proposed*	*2026/27 Proposed % Increase*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key Findings*
Fixed charge: R/Luminaire/month	80.91	80.91	0%	80.91	0%	The COS analysis indicates that the streetlights tariff category is revenue neutral. As such, the Municipality is not proposing any adjustment to this tariff, and it will remain unchanged for the coming period. Accordingly, the retention of the current tariff is reasonable, and is recommended for approval.
Energy charge: c/kWh	368.47	368.47	0%	368.47	0%	

13. Electricity Availability	*2025/26 Approved*	*2026/27 Proposed*	*2026/27 Proposed % Increase*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key Findings*
Basic charge per erf: R/stand/month	266.70	297.71	11.63%	297.71	11.63%	The COS analysis indicates that availability fees are significantly under-recovering, by approximately 140%. While the proposed increase does not fully eliminate this gap, it represents a measured and responsible step toward improved cost reflectivity. Importantly, the phased approach balances the need for financial sustainability with the imperative to avoid undue tariff shocks to consumers. By progressively narrowing the under-recovery, the municipality demonstrates a commitment to aligning tariffs with actual service costs while maintaining affordability considerations. Accordingly, the proposed adjustment is considered fair, and reasonable, and is therefore supported for approval.

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. The Energy Regulator, having considered the Bergrivier Local Municipality's application, the supporting information, stakeholder inputs and applicable legal

framework, approves the tariff adjustments as set out in this reasons for decision document.

End.