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

Walter Sisulu Local Municipality

THE DECISION

At its meeting held on 04 May 2026, the Regulator Executive Committee (REC) considered Walter Sisulu's tariff application. Based on the facts and evidence presented, REC approved the tariff increases for the 2026/27 financial year set out in Table 1 below.

Table 1: Summary of the REC Decision

Tariff Category	2026/27 Approved % Increase
Domestic Prepaid	10%
Domestic Conventional	10%
Domestic Indigent Prepaid	10%
Domestic Indigent Conventional	10%
Commercial Small Business Prepaid	10%
Bulk consumers>400V	10%
Bulk Consumers<400V	10%

Based on the available information and the analysis performed thus far, the Regulator Executive Committee decided at its meeting on 04 May 2026, that:

1. The tariffs that are based on the COS Report are approved as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026.
2. The Cost of Supply Report submitted by the municipality be noted.

3. The municipality is required to submit a report accounting for all the costs that have been noted in its COS study, to enable the Regulator to perform its independent verification/audit process by 31 January 2027 and;
4. the municipality must submit a quarterly smart efficiency plan with improvement measures identified in reducing high energy losses and submit by 30 September 2026.

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ABBREVIATIONS

COS	Cost of Supply
D-form	Distribution form
ERTSA	Eskom's Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IPP	Independent Power Producer
MFMA	Municipal Finance Management Act
NERA	National Electricity Regulation Act
NERSA	National Energy Regulator of South Africa
OPEX	Operating Expenditure

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receives and considers tariff applications on a yearly basis, in accordance with the mandate of the Energy Regulator to regulate prices and tariffs. Municipal tariffs must be approved by the Energy Regulator to be implemented on 1 July of each financial year.

1.2. Walter Sisulu Municipality is situated in the Eastern Cape province. The municipality is made up mostly of commercial customers, which consume 37.5% of the total electricity sales. The municipality provides its 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 2 below.

Table 2: Customer Statistics

CUSTOMER STATISTICS (OBTAINED FROM 2024-2025 DISTRIBUTION FORMS)			
Consumer Classification	**Sales (KWh)**	**%KWh**	**Number of Consumers**
Domestic (Prepaid)	13 193 721	19,82%	7 866
Domestic (Conventional)	801 647	1,20%	1 628
Agriculture	113 974	0,17%	261
Manufacturing / Industrial	24 123 021	36,24%	1 675
Commercial (Prepaid)	13 891 591	20,87%	4 321
Commercial (Conventional)	11 069 704	16,63%	3 478
Municipal Consumption & Street Lighting	3 372 000	5,07%	
TOTAL SALES	66 565 659	100%	19 229
Free Basic Electricity (FBE)	**4 206 885**	**30,06%**	**3 200**

1.3. NERSA received Walter Sisulu's tariff application together with its Cost of Supply (COS) on 31 March 2026.

1.4. Walter Sisulu implemented an 12.70% average price increase in 2025/26FY and is applying for an average price increase of 10% for the 2026/27FY.

1.5. NERSA followed the notice and comment consultation process. Walter Sisulu's tariff applications were 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.

1.6. NERSA's decision was made on 04 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 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 Proce Determination and Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually in order to align with the municipal budgeting process contemplated in the Municipal finance management Act, 2003 (Act No. 56 of 2003).

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

2.1.4. This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for the 2026/2027 municipal financial year.

2.2. Statutory Mandate of the Energy Regulator

2.2.1. NERSA is established as a juristic person in terms of section 3 of the NERA. In terms of section 4 of NERA, the Energy Regulator as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by the ERA. Section 3 of the ERA particularly provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.2.2. In particular:

- 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; and

- 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 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 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

- 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 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 Walter Sisulu, 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.

Table 3:Performance Indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	-10,64%	-18,11%
Percentage Energy Losses	13,12%	16,01%

Percentage Surplus

3.2. **Error! Reference source not found.** above shows that for the 2024/25 financial year, the municipality recorded a 10.64% deficit, reflecting a notable improvement from the 18.11% deficit reported in 2023/24 financial year.

3.3. This recovery was largely driven by a significant 93% increase in grant revenue allocations and a reduction in energy losses. While total revenue grew by 9%, the municipality managed to keep expenditure growth to a modest 2%, further contributing to the strengthened financial position

3.4. An analysis of electricity sales versus the cost of bulk purchases reveals that the municipality is operating at a gross profit margin of -0.01%. This deficit places severe budgetary constraints on the municipality, as the electricity business is essentially operating at a loss before other operational costs are even considered.

3.5. Currently, bulk purchases and finance costs account for a staggering 82% of total expenditure. Furthermore, the municipality's inability to efficiently service its Eskom account has led to high fruitless and wasteful expenditure in the form of interest penalties, further straining an already limited budget.

3.6. Furthermore, energy losses emerged to R12.5m lost revenue from Sale of electricity.

Energy Losses

3.7. For the 2024/25 financial year, energy losses were recorded at 13.12%, marking a steady improvement from the 16.01% reported in 2023/24 financial year.

3.8. These losses stem from both technical and administrative factors. Technical losses are inherent to the physical delivery of electricity, involving electrical resistance in the distribution network such as conductor losses, transformer core losses, and energy consumed by metering equipment. Administrative losses, on the other hand, account for the electricity consumed by the utility itself to ensure the proper and continuous operation of the distribution network.

3.9. To mitigate energy losses, the municipality has implemented the following strategic measures

- Eradication of illegal connections (unauthorised "throw-up" connections);
- Strengthening of internal controls, including comprehensive audits of high-consumption accounts; and
- Regularisation of unauthorised users to transition them into legitimate, fee-paying consumers.

3.10. The municipal electricity business is currently underperforming and requires urgent intervention. To ensure long-term viability, it is essential for the municipality to implement a comprehensive corrective action plan designed to turn the business around, stabilize its finances, and improve operational efficiency.

Table 4:Energy loss analysis

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	287,55		
Sales kWh	66 565 659,00	67 425 223,36	72 022 397,68
Purchases kWh	76 619 572,00	76 619 572,00	76 619 572,00
Losses kWh	10 053 913,00	9 194 348,64	4 597 174,32
Losses percentage	**13,12%**	**12,00%**	**6,00%**
Additional Energy (kWh)		859 564,36	5 456 738,68
Additional Revenue (Rands)		2 471 677,32	15 690 852,07
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Total Revenue (Rands)	R 7 732 582,00	R 10 204 259,32	R 23 423 434,07
Total Expenses (Rands)	R 16 712 932,00	R 16 712 932,00	R 16 712 932,00
Net Profit (Loss)	R -8 980 350,00	R -6 508 672,68	R 6 710 502,07
Percentage Surplus/Deficit	**-116,14%**	**-63,78%**	**28,65%**

3.11. The municipality reported electricity energy losses of 10 053 913,00 kWh, which translates to 13,12% of total energy purchases. The level of losses exceeds prudent industry norms and indicates inefficiencies in the electricity distribution business.

3.12. The analysis further indicates that, should the municipality reduce energy losses to 12%, energy losses would decrease to 9 194 348,64 kWh. This would result in additional energy sales of approximately 859 546,36 kWh, which could generate approximately R2 471 677,32 in additional revenue.

3.13. Under the 12% loss scenario, the projected surplus decreased to approximately R6 508 672,68 representing a surplus margin of approximately 63,78%.

3.14. Under the 6% loss scenario, the projected surplus further increases to approximately R6 710 502,07 representing a surplus margin of approximately 28,65%.

3.15. The Energy Regulator notes that the municipality's current level of losses materially impacts 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 eradication of illegal connections, regularisation of unauthorised users, and strengthening of internal controls improved energy balancing practices.

3.16. 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.

3.17. 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 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 implementing effective loss-reduction interventions.

4. DETERMINATION OF WALTER SISULU'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 cost of supply 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, Table 5 below was developed, and the definition of the columns is as follows:

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

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

4.5. The total allowable revenue of R265 million 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 5 below.

4.6. 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.

4.7. 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.

4.8. To determine an increase applicable for the 2026/27 financial year, the licensee submitted its 2026/27financial year cost (budgeted cost plus surplus) as requested by NERSA, and total budgeted required revenue that amounted to R292 million for the FY2026/27 tariff review process.

Table 5: 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	68 911 930	85 160 381	90 695 805
Eskom bulk purchases	kWh	82 386 637	100 635 453	100 635 453
Independent Power Producers Conventional	kWh		-	-
Independent Power Producers Renewable Energy	kWh		-	-
Self Generation	kWh		-	-
Other			-	-
Total Energy Requirements	**kWh**	**82 386 637**	**100 635 453**	**100 635 453**
Total Losses	kWh	13 474 707	15 475 072	9 939 648
Technical losses	kWh	9 886 396	12 076 254	9 939 648
Non-technical losses	kWh	-3 588 311	-3 398 818	0
Allowed losses	%	**12,00%**	**12,00%**	**9,88%**
Total Energy losses	%	16,36%	15,38%	9,88%
Cost drivers				
Energy purchases from Eskom	Rand	173 401 804	180 000 000	188 000 000
other energy purchases			-	-
total energy purchases		**173 401 804**	**180 000 000**	**188 000 000**
Cost of technical losses	Rand	7 319 426	8 844 990	9 419 914
Non-Technical Losses		9 355 518	6 630 083	7 061 038
Other energy purchases	Rand			
Capital expenditure	Rand	8 260 869	11 739 130	8 286 956
Operational expenditure (incl. Depreciati	**Rand**	**82 532 468**	**55 279 535**	**64 438 210**
Total Expediture before surplus		263 253 698	250 754 608	268 919 162
Surplus	Rand	-76 476 105	15 026 419	24 060 585
Total Expenditure Including Surplus		186 777 593	265 781 027	292 979 747
Other revenues	Rand	**-520 150**	**-551 359**	**-551 359**
2. Other Revenue - Illegal Connections	Rand	0	0	0
Total Allowable Revenus	**Rand**	**186 257 443**	**265 229 668**	**292 428 388**
increase required				***10,25%***

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 R188 million which accounts for 64% of total costs inclusive of the 15.38% 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 financial year estimate, the licensee projected the year-to-date amount for 2025/26 since complete financial year data is unavailable, then made an estimate that this cost item would increase by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.13. The Eskom bills were analysed and there are 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 R64 million as highlighted in Table 5 above.

4.15. The Municipality adjusted the expenditure linked to the FY2025/26 tariffs, increasing it from R55 million to a budgeted amount of R64 million, reflecting a 14% in growth.

Surplus

4.16. The licensee applied for a surplus of R24 million which is based on a 6% return on opex including bulk purchases.

4.17. NERSA is satisfied that the return applied for by the licensee is reasonable to keep the licensee sustainable, though it falls below the 10-20% target range as determined in the COS Methodology. Thus, it is NERSA's decision to allow the revenue requirement as applied for.

4.18. To ensure that the profit margin is commensurate with the risk, risk considerations were incorporated qualitatively, including:

a) revenue collection risks (non-payment, indigence levels, bad debt);

b) operational risks (energy losses, ageing infrastructure); and

c) financial sustainability requirements.

4.19. Therefore, the applied surplus margin is considered modest and commensurate with these risks, particularly for a municipal distributor that is not profit-maximising but must remain financially viable.

4.20. NERSA is satisfied that the return applied for by the licensee is reasonable to keep the licensee sustainable, though it falls below the 10-20% target range as determined in the COS Methodology. Thus, it is NERSA's decision to allow the revenue requirement as applied for.

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This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
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The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9310/WalterSisuluMunicipality_ReasonsforDecisionontariffapplication

Domestic Prepaid-Summer	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Block 1 (0-50kWh)	196.02	215.62	10%	215.62	10%	*The 10% proposed increase will ensure financial sustainability for the municipality without placing an undue burden on the community*
Block 2 (51-350) kWh	247.75	272.53	10%	272.53	10%	*The 10% proposed increase ensure financial sustainability for the municipality without placing an undue burden on the community*
Block 3 (351-600kWh)	350.24	385.26	10%	385.26	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 4 (>600 kWh)	364.39	400.83	10%	400.83	10%	*The 10% proposed increase ensure financial sustainability for the municipality without placing an undue burden on the community*
Basic Charge(R/month)	235.57	259.12	10%	259.12	10%	*The 10% proposed increase will ensure financial sustainability for the municipality without placing an undue burden on the community*

Domestic Prepaid-Winter	2025/26 Approved	2026/27 Proposed	% Increase	Recommended Tariff	Recommended % increase	Analysis and key findings
Block 1 (0-50) kWh	196.03	215.64	10%	215.64	10%	*The 10% proposed increase*

						will ensure financial sustainability for the municipality without placing an undue burden on the community
Block 2 (51-350) kWh	247.76	272.54	10%	272.54	10%	*The 10% proposed increase will ensure financial sustainability for the municipality without placing an undue burden on the community*
Block 3 (351-600kWh)	350.36	385.26	10%	385.40	10%	*The 10% proposed increase will ensure financial sustainability for the municipality without placing an undue burden on the community*
Block 4 (>600 kWh)	364.75	401.22	10%	401.22	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Basic Charge(R/month)	236.19	259.81	10%	259.81	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

Domestic Conventional Summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**

Block 1 (0-50) kWh	197.43	217.81	10%	217.81	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 2 (51-350) kWh	248.23	273.05	10%	273.05	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 3 (351-600kWh)	350.66	385.73	10%	385.73	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 4 (>600 kWh)	365.01	401.51	10%	401.51	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Basic Charge(R/month)	234.29	257.72	10%	257.72	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

Domestic Conventional Winter	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Block 1 (0-50) kWh	197.13	216.85	10%	216.85	10%	*The 10% proposed increase*

						ensures financial sustainability for the municipality without placing an undue burden on the community
Block 2 (51-350) kWh	248.23	273.05	10%	273.05	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 3 (351-600kWh)	351.75	386.93	10%	386.93	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 4 (>600 kWh)	365.66	402.23	10%	402.23	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Basic Charge (R/month)	236.25	259.88	10%	259.88	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.

Domestic indigent prepaid Summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Block 1 (0-50) kWh	194.67	214.14		214.14	10%	*The 10% proposed increase ensures financial*

			10%			*sustainability for the municipality without placing an undue burden on the community*
Block 2 (51-350) kWh	247.75	272.53	10%	272.53	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 3 (351-600kWh)	348.00	382.80	10%	382.80	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 4 (>600 kWh)	361.09	397.20		397.20	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

			10%			
Basic Charge (R/month)	234.19	257.61	10%	257.61	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

Domestic indigent prepaid Winter	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Block 1 (0-50) kWh	203.12	223.43	10%	223.43	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community.*
Block 2 (51-350) kWh	249.88	274.86	10%	274.86	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Block 3 (351-600kWh)	351.03	386.13	10%	386.13	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue*

						burden on the community
Block 4 (>600 kWh)	365.65	402.21	10%	402.21	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Basic Charge (R/month)	236.25	259.88	10%	259.88	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.

Domestic indigent Conventional summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Block 1 (0-50) kWh	170.55	187.60	10%	187.60	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Block 2 (51-350) kWh	219.11	241.02	10%	241.02	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Block 3 (351-600kWh)	307.78	338.56	10%	338.56	10%	*The 10% proposed increase ensures financial sustainability for the municipality*

						without placing an undue burden on the community.
Block 4 (>600 kWh)	320.62	352.68	10%	352.68	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Basic Charge (R/month)	207.13	227.85	10%	227.85	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.

Domestic indigent Conventional winter	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Block 1 (0-50) kWh	172.35	223.43	10%	189.59	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Block 2 (51-350) kWh	220.79	274.86	10%	242.87	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Block 3 (351-600kWh)	310.18	386.13	10%	341.20	10%	*The 10% proposed increase ensures financial sustainability for*

						the municipality without placing an undue burden on the community.
Block 4 (>600 kWh)	323.10	402.21	10%	355.42	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Basic Charge (R/month)	221.70	259.88	10%	243.88	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.

Commercial Tariffs

Commercial small business prepaid summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic Charge (R/month)	531.90	585.09	10%	585.09	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Energy Charge(c/kWh)	297.43	327.18	10%	327.18	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.

Commercial small business prepaid summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge (R/month)	532.08	585.28	10%	585.09	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community.*
Energy charge: (c/kWh)	297.43	327.18	10%	327.18	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

Commercial small business prepaid winter	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge (R/month)	532.08	585.28	10%	585.09	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community.*
Energy charge: (c/kWh)	297.43	327.18	10%	327.18	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

Industrial Tariff

Bulk Consumers> 400V Summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge (R/month)	2 168.94	2385.83	10%	2 385.83	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community.*
Energy charge: (c/kWh)	171.89	189.08	10%	189.08	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Demand Charge (R/kVA)	474.86	522.35	10%	522.35	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community.*

Bulk Consumers> 400V Winter	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge (R/month)	2 189.43	2 408.38	10%	2 408.38	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Energy charge: (c/kWh)	174.02	191.43	10%	191.43	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Demand Charge (R/kVA)	479.23	527.16	10%	527.16	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*

Bulk Consumers<400V Summer	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge (R/month)	1 867.30	2 054.03	10%	2 054.03	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*.
Energy charge: c/kWh)	167.15	183.86	10%	183.86	10%	*The 10% proposed*

						increase ensures financia l sustainability for the municipality without placing an undue burden on the community
Demand charge:(R/kVA)	473.06	520.37	10%	520.37	10%	*The 10% proposed increase ensures financia l sustainability for the municipality without placing an undue burden on the community*

Bulk Consumers<400V Winter	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % increase**	**Analysis and key findings**
Basic charge (R/month)	1 886.95	2 075.64	10%	2 075.64	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community.*
Energy charge: c/kWh)	168.94	185.83	10%	185.83	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue burden on the community*
Demand charge:(R/kVA)	497.47	547.22	10%	547.22	10%	*The 10% proposed increase ensures financial sustainability for the municipality without placing an undue*

						burden on the community

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. From a conspectus of the facts and evidence presented to the REC, it is appropriate to approve Walter Sisulu Local Muncipality's tariff application for 2026/27 financial year.

End.