NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

**NATIONAL ENERGY REGULATOR OF SOUTH AFRICA**

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**The Decision and Reasons for Decision (RfD)**

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In the matter regarding the

**Municipal Tariff Applications for the 2026/27 Financial Year**

By

**uMngeni Local Municipality**

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**THE DECISION**

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At its meeting held on 9 May 2026, the Regulator Executive Committee (REC) considered uMngeni Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year as set out in section 8 of the tariff analysis on page 18 of the RFD .

Based on the available information and the analysis performed thus far, the REC decided at its meeting on 9 May 2026, that:

a) 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.
b) The Cost-of-Supply Report submitted by the municipality is noted. 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.
c) The municipality is required to submit quarterly progress report on efficiency improvement measures taken to reduce high energy losses and deficit for the Regulator to monitor implementation thereof commencing from 30 September 2026.

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**ABBREVIATIONS**

| | |
|---|---|
| AFS | Annual Financial Statements |
| CAPEX | Capital Expenditure |
| COS | Cost of Supply |
| D-form | distribution form |
| ERTSA | Eskom's Retail Tariff Structural Adjustments |
| FBE | Free Basic Electricity |
| LM | Local Municipality |
| MFMA | Municipal Finance Management Act |
| NERA | National Electricity Regulation Act |
| NERSA | National Energy Regulator of South Africa |
| NMD | Notified Maximum Demand |
| OPEX | Operating Expenditure |
| REC | Regulator Executive Committee |
| ROR | rate of return |
| TOU | Time-of-Use |

## 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. uMngeni Local Municipality is a municipality situated within the uMgungundlovu District in the KwaZulu-Natal Province. It is one of the seven municipalities that make up the district.

1.3. Table 1 below shows the licensee's customer statistics of 14 873, which were obtained from D-forms. Domestic customers account for 47.58% of total electricity sales, followed by commercial customers at 29.03%. This is a strong indication of the licensee's reliance on its domestic customers. A total of 8 319 customers receive Free Basic Electricity of 50 kWh per month from the municipality.

**Table 1: Customer Statistics (data Obtained from the latest D-forms - 2024/25 FY**

| CUSTOMER STATISTICS | | | |
|---|---|---|---|
| **Consumer classification** | **Sales (MWh)** | **%MWh** | **Number of consumers** |
| Domestic (Prepaid) | 10 068 | 17.10% | 13 163 |
| Domestic (Conventional) | 17 944 | 30.48% | 1 389 |
| Commercial (Prepaid) | 9 695 | 16.47% | 79 |
| Commercial (Conventional) | 17 088 | 29.03% | 242 |
| Street lighting, own use and other | 4 078 | 6.93% | N/A |
| Totals | 58 873 | 100% | 14 873 |
| Free Basic Electricity | 4 991 | 18% | 8319 |

1.4. NERSA received uMngeni Local Municipality's tariff application together with its revised COS study on 30 March 2026.

1.5. uMngeni Local Municipality implemented a 12.70% average price increase in the 2025/26FY and is applying for an average price increase of 10.00% for the 2026/27FY.

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

1.7. For this application, the municipality confirmed that its Council meeting was held on 31 March 2026, and the Council Resolution, along with proof of customer consultation, were submitted together with the tariff application on 30 March 2026.

1.8. NERSA followed the notice and comment consultation process as well as oral presentations. uMngeni Local Municipality's tariff application was published on 31 March 2026 on the NERSA website, on social media platforms and in national and local newspapers to solicit written comments from affected parties.

1.9. NERSA's decision was made on 9 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 Price Determination and Eskom Retail Tariff and Structural Adjustments (ERTSA) 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; MFMA).

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 A*friForum 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 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 ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by ERA. Section 3 of 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 ERA.

2.2.2. In particular:

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

2.3. **Tariff Determination Principles under ERA**

2.3.1. When determining or approving electricity tariffs, the Energy Regulator must apply the principles contained in section 15(1) of 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 PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable and procedurally fair as required by sections 3 and 6 of PAJA. Procedural fairness requires that affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

2.4.2. Public participation processes conducted by the Energy Regulator therefore form an essential component of the municipal tariff approval process and are intended to ensure transparency, accountability and fairness in regulatory decision-making.

2.5. **Policy Framework: Electricity Pricing Policy (2008)**

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

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

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

2.6. **COS Studies**

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

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

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

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

2.7. **Judicial Oversight of the Tariff Approval Process**

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

2.7.2. In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process relating to the 2025/2026 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

2.7.3. However, recognizing the potentially disruptive consequences of setting aside tariff determinations already implemented by municipalities, the Court declined to invalidate the tariffs. Instead. To assist in the timeous and lawful approval of municipal tariffs, the Court issued a structural interdict regulating the municipal tariff approval process going forward.

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. Having heard NERSA's application, the Court 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
- NERSA decisions to be published by 11 May 2026.

2.8.2. Municipal tariff approvals from the 2027/28FY are to comply with the following timelines:

- written notice of bulk electricity tariffs to be communicated by 31 January each year;
  - municipal tariff applications to be submitted to NERSA by 20 March each year; and
- municipal tariff approvals and the tariff reasons for decision document to 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 NERA, ERA, PAJA, the 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 uMngeni Local Municipality, the assessment relied on the distribution forms (D-forms) for the 2024/25FY, which were 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 (AFS). As a result, the data captured in the D-forms is considered reliable for the purposes of the tariff analysis.

3.2. uMngeni Local Municipality's electricity business operated at a percentage deficit of -123.71% in the 2024/25 financial year, increasing from a deficit of -45.23% in the 2023/24FY. The high-percentage deficit from the municipality is attributed to Notified Maximum Demand (NMD) penalties, interest on Eskom debt, bad debts, and high spending on repairs and maintenance.

3.3. Table 2 below reflects uMngeni Local Municipality's performance indicators. The municipality's energy losses increased from 30.00% in 2023/24FY to 33.90% in 2024/25FY. The rise in energy losses stems from several systemic issues: illegal connections, metering inaccuracies caused by faulty hardware and unmetered consumption resulting from tampering or meter bypassing. The situation is further worsened by inefficient revenue collection and unaudited billing processes.

**Table 2 : Performance Indicators**

| Performance indicators: Obtained from the D-form | | |
|---|---|---|
| **Indicators** | **2023/24** | **2024/25** |
| Percentage surplus (deficit) | -45.23% | -123.71% |
| Percentage energy losses | 30.00% | 33.90% |

3.4. Table 3 below provides a summary of revenue losses analysis.

**Table 3: Analysis of revenue losses**

| | **D-form Input** | **Energy Losses @ 12%** | **Energy Losses @ 6%** |
|---|---|---|---|
| Average Selling Price | 192.80 | | |
| Sales (kWh) | 58 875 672.00 | 78 379 114.00 | 83 723 144.50 |
| Purchases (kWh) | 89 067 175.00 | 89 067 175.00 | 89 067 175.00 |
| Losses (kWh) | 30 191 503.00 | 10 688 061.00 | 5 344 030.50 |
| Losses (%) | **33.90%** | **12.00%** | **6.00%** |
| Additional (kWh) | | 19 503 442.00 | 166 172 954.00 |
| | **D-form Input** | **Energy Losses @ 12%** | **Energy Losses @ 6%** |
| Total Revenue (Rands) | 118 267 028.00 | 155 869 664.18 | 166 172 954.98 |
| Total Expenses (Rands) | 264 570 045.00 | 264 570 045.00 | 264 570 045.00 |
| Net Profit (Loss) | -146 303 017.00 | -108 700 380.82 | -98397090.02 |
| Percentage Surplus/Deficit (%) | **-123.71%** | **-69.74%** | **-59.21%** |

3.5. The licensee has the potential to improve its deficit to -69.74% if energy losses are limited to 12%, and the deficit could potentially improve to -59.21% if the energy losses are reduced to 6%.

3.6. Based on the above information above, the municipality's operational and financial performance are not satisfactory, and follow-ups are required in terms of strategies on how to improve this performance to a better, acceptable level.

## 4. DETERMINATION OF UMNGENI LOCAL MUNICIPALITY'S TARIFFS BASED ON THE COS STUDY

4.1. The process followed in considering and approving uMngeni Local Municipality's tariff application was supported by a revised COS study.

4.2. uMngeni Local Municipality used the COS study model developed by Sustainable Energy Africa (SEA) to determine its revenue requirements for the 2026/27FY and to apportion costs required to service each customer's class in a fair and equitable manner. The study follows the NERSA COS framework and uses the latest audited data available, which is based on the 2024/25FY.

4.3.

4.4. below details the five steps considered in the determination of the COS study.

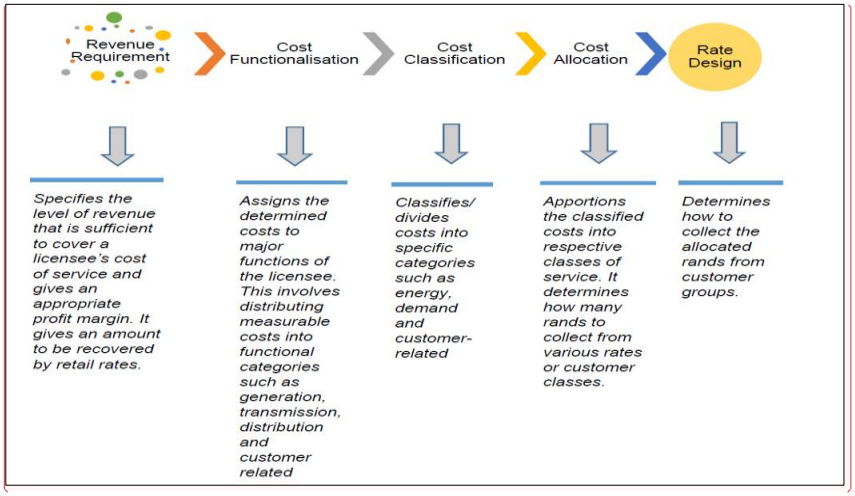



**Figure 1: Fives Steps of COS**

4.5. The following steps are undertaken to analyse the COS study:

4.5.1. **Revenue Requirement**

4.5.1.1. The revenue requirement step specifies the level of revenue that is sufficient to cover a licensee's cost of service and appropriate margin. It is an indication of the amount to be recovered from the approved tariffs.

4.5.1.2. The municipality reported an asset value of R2.61 billion, as reflected in its D-forms based on audited financial statements for the 2024/25FY.

4.5.1.3. uMngeni Local Municipality submitted a revised COS study detailing a revenue requirement of R579.46 million for the 2026/27FY.

4.5.1.4. The efficiency of costs for the 2024/25FY (base year) has been assessed, as this constitutes the most recent set of actual data. This assessment serves as the baseline for projecting costs for the 2026/27FY, applying stated assumptions to determine the revenue requirement for that period.

4.5.1.5. All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the licensee's electricity function. Where any amounts were found to be inflated or insufficiently substantiated, adjustments have been affected accordingly, as detailed in Table 4 below.

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Incorrect font type; should be Arial 11 pt per *NERSA Editing Style Guide* (June 2026). This comment applies to all tables **and** figures in this document.

Paragraph text under "Cost Functionalisation": 'customer-related' should be hyphenated.

Text under "Cost Functionalisation/Cost Classification": Sentences should end with a period.

**Table 4: Revenue Requirement Components**

| | Total cost (R) | | | |
|---|---|---|---|---|
| Revenue Requirement components | Wires | Retail | Total | % of Total |
| Allowable costs | 131 276 653 | 448 177 918 | 579 454 571 | 100% |
| Energy purchases from Eskom - net of cost of losses | - | 440 339 003 | 440 339 003 | 76% |
| Energy purchases from Eskom - cost of losses | 92 367 383 | - | 92 367 383 | 16% |
| Other energy purchases | - | - | - | 0% |
| Capital expenditure | - | - | - | 0% |
| Operational expenditure (incl. Depreciation) | 35 372 064 | 7 126 286 | 42 498 350 | 7% |
| Other revenues | - | - | - | 0% |
| Surplus | 3 537 206 | 712 629 | 4 249 835 | 1% |

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## Bulk Purchases

4.5.1.6. From the submitted COS study, uMngeni Local Municipality applied for bulk purchase expenditure amounting to R532.71 million (including energy losses), representing 92% of total costs. The bulk purchase figure was verified against Eskom invoices for the 2024/25FY.

4.5.1.7. To derive the 2026/27FY bulk purchase estimate, the 2025/26FY COS study amount was escalated by 9.01%, consistent with the approved ERTSA.

4.5.1.8. The methodology applied by uMngeni Local Municipality in forecasting bulk purchase costs is deemed reasonable. Accordingly, the bulk purchase expenditure has been recommended as submitted.

## Operational Expenditure(OPEX)

4.5.2. uMngeni Local Municipality's COS study projects operational expenditure totalling R42.50 million, representing 7% of overall revenue requirement.

**Table 5: Operational Expenditure**

| Functions | Total OPEX | Wires | Retail |
|---|---|---|---|
| Depreciation | R28 303 546 | R28 303 546 | |
| Network and repairs | R6 662 457 | R6 662 457 | |
| Other expenses | R7 532 347 | R406 061 | R7 126 286 |
| **Total** | **R42 498 350** | **R35 372 064** | **R7 126 286** |

4.5.3. The approach adopted by uMngeni Local Municipality in forecasting operational expenditure is considered reasonable, and the amount has therefore been recommended as requested. Furthermore, the licensee is not incurring inefficient costs such as Notified Maximum Demand (NMD) exceedance penalties and interest incurred on Eskom-related debt.

**Surplus**

4.5.4. Revenue requirements were determined via a cost-plus methodology in lieu of a Rate of Return (ROR) framework. The allowable revenue comprises efficient and prudent OPEX, depreciation for asset consumption and replacement and an appropriate surplus margin.

4.5.5. uMngeni Local Municipality's revenue requirement includes a surplus of R4.25 million, calculated using a surplus factor of 1% applied to OPEX, inclusive of bulk purchases, for both the wires and retail components of the electricity business.

4.5.6. In recommending a surplus, NERSA relied on section 15(1)(a) of ERA under the tariff principles, which specifies that the tariffs set by the Regulator 'must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return.'

4.5.7. In applying the act, NERSA is required to ensure that uMngeni Local Municipality recovers efficient costs and a reasonable return, while preventing excessive compensation.

4.5.8. To ensure that the surplus is commensurate with the level of risk, qualitative risk considerations were incorporated, including revenue collection risks (such as nonpayment, indigence levels and bad debts), operational risks (including energy losses and ageing infrastructure) and broader financial sustainability requirements, as well as consideration of customer affordability. All these risks link to the financial sustainability of the municipality.

4.5.9. Therefore, the applied surplus margin is considered modest and commensurate with these risks, particularly in the context of a municipal distributor that is not profit-maximising but must remain financially viable. Thus, it is NERSA's decision to allow the revenue requirement as applied for.

4.5.10. **Cost Functionalisation**

4.5.10.1. uMngeni Local Municipality has categorized its revenue requirement of R57.85 million into two primary functional components, namely the wires business (22%) and the retail business (78%), 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.

4.5.10.2. These costs, upon verification, are consistent with the approved revenue requirements. Network repairs and maintenance constitute the predominant cost drivers within the wires business, while energy purchases represent the primary cost driver within the retail business.

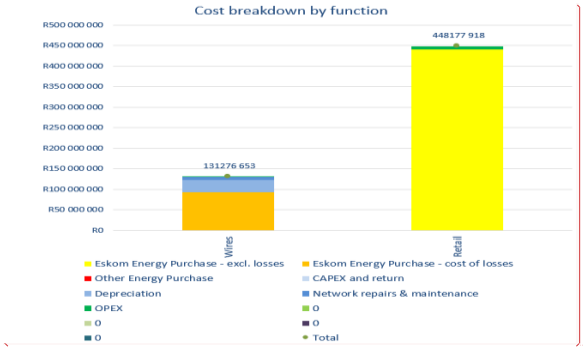



**Figure 2: Costs breakdown by functions**

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### 4.5.11. Cost Classification

4.5.11.1. uMngeni Local Municipality classified its costs into energy, demand and customer-related cost components, in accordance with the NERSA COS framework. The costs align with revenue requirements and cost functionalization upon verification.

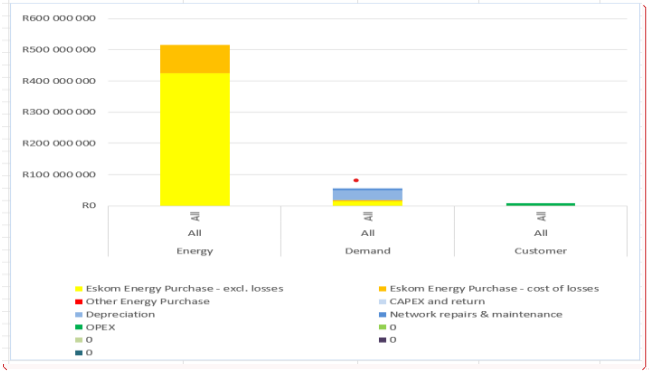


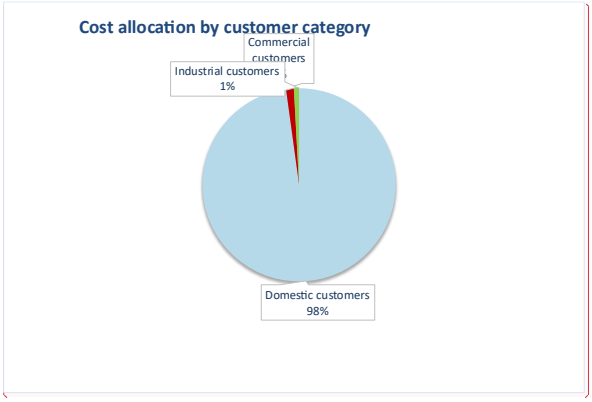

**Figure 3: Cost breakdown by cost structure (classification)**

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4.5.11.2. Energy purchases constitute energy-driven costs, with the highest expenditure incurred during the summer period under the standard Time-of-Use (TOU) 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.

### 4.5.12. Cost Allocation

4.5.12.1. 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. Domestic customers bear the vast majority of costs (98%) at uMngeni Local Municipality.



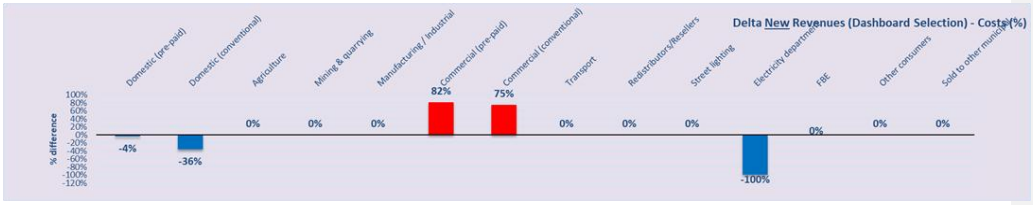

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**Figure 4: Costs allocated**

4.5.13. **Rate Design**

4.5.13.1. uMngeni Local Municipality maintains cross-subsidies between its domestic, commercial and industrial customers.

4.5.13.2. The COS study confirms the presence of cross-subsidisation between customer categories. Certain categories are under-recovering (receiving a subsidy), while others are over-recovering (providing the subsidy).



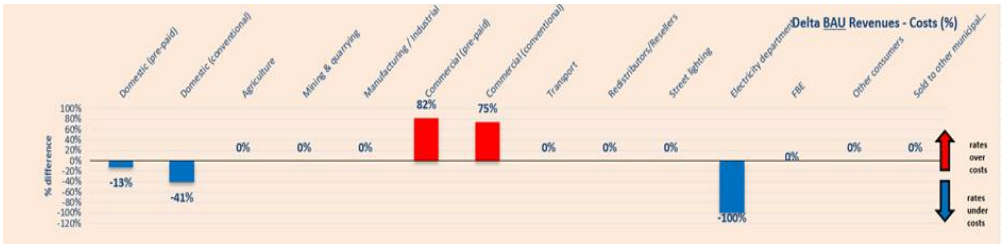




**Figure 5: Cross-subsidies**

## 5. CONCLUSION ON THE COS STUDY

5.1. The COS outcome indicates that achieving full cost-reflectivity would require a tariff increase of approximately 17.80% as shown in Figure 6 below.

| | BAU | CTS (net of subsidies) | New rates (Dashboard selection) |
|---|---|---|---|
| Total revenue forecast (with new rates) | 491 969 558 | 579 454 571 | **541 014 029** |
| | | Delta = | - 38 440 542 |
| Average increase in rates | **10,0%** | | |
| Average increase in rates to reach overall cost-reflectivity | 17,8% | | |
| | | | |
| Share of total cost recovered with the new rates | **93,4%** | | |
| Share of total costs recovered (existing rates) | **84,9%** | | |

**Figure 6: Rate design**

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Numbers should be centre-aligned with column headers.
Font size and bold/not bold should be made consistent.
Decimal comma should be replaced with a period.

5.2. The licensee may take into account 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.

5.3. This approach is intended and will ensure safeguarding of the municipality's revenue base and support its financial sustainability, in line with applicable legislative requirements.

5.4. The COS study is based on forecast assumptions and, as such, does not guarantee that the projected outcomes will materialise. Accordingly, the licensee retains the discretion to review the results and determine its own revenue requirements to ensure financial sustainability. In this regard, the municipality will be required to submit a report accounting for all costs that remain unverified.

5.5. The COS study results indicate a required increase of 17.80% to reach cost-reflectivity, as illustrated in Figure 6 above. Based on the available information, the municipality is expected to remain financially sustainable under the proposed tariff increase of 10.00% as per the proposed average increase in rates.

5.6. In its evaluation and assessment of the tariff applications, the following principles were applied:

5.6.1. Costs were assessed for reasonableness and accuracy, noting that certain cost items were considered excessive and insufficiently substantiated by the licensees.

5.6.2. The costs will be subject to a detailed audit and independent verification process, to be undertaken under the direction of NERSA at a later stage.

5.6.3. NERSA reserves the right to implement a claw-back mechanism, where necessary, to address any discrepancies identified through the verification process.

Page 17 withheld by Unmapped Dataworks.

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objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9265/uMngeniMunicipalityTariffAnalysis2026-27FY.pdf

| 5. Domestic High conventional three-phase 80 A | *2025/26 approved* | *Proposed % increase* | *2026/27 proposed* | *2026/27 recommended* | *Recommended % Increase* |
|---|---|---|---|---|---|
| *Block 1 (0 - 50 kWh)* | 195.00 | 10.00% | 214.50 | 214.50 | 10.00% |
| *Block 2 (51 - 350 kWh)* | 250.74 | 10.00% | 275.81 | 275.81 | 10.00% |
| *Block 3 (351 -600 kWh)* | 352.86 | 10.00% | 388.15 | 388.15 | 10.00% |
| *Block 4 (> 600 kWh)* | 415.55 | 10.00% | 457.11 | 457.11 | 10.00% |
| *Basic Charge (R/month)* | 747.64 | 10.00% | 822.40 | 822.40 | 10.00% |

| 6. Commercial Prepaid | *2025/26 approved* | *Proposed % increase* | *2026/27 proposed* | *2026/27 recommended* | *Recommended % increase* |
|---|---|---|---|---|---|
| Energy Charge (c/kWh) | 417.88 | 10.00% | 459.67 | 459.67 | 10.00% |

| 7. Commercial conventional business & general single-phase | *2025/26 approved* | *Proposed % increase* | *2026/27 proposed* | *2026/27 recommended* | *Recommended % increase* |
|---|---|---|---|---|---|
| Basic Charge (R/month) | 739.09 | 10.00% | 812.99 | 812.99 | 10.00% |
| Energy charge (c/kWh) | 334.84 | 10.00% | 368.32 | 368.32 | 10.00% |

| 8. Commercial conventional business & general three-phase | *2025/26 approved* | *Proposed % increase* | *2026/27 proposed* | *2026/27 recommended* | *Recommended % increase* |
|---|---|---|---|---|---|
| Basic Charge (R/month) | 57.07 | 10.00% | 62.78 | 62.78 | 10.00% |
| Energy Charge (c/kWh) | 334.84 | 10.00% | 368.32 | 368.32 | 10.00% |

| 9. Industrial low (large power users) seasonal industrial low 400 KV (KVA > 100) | *2025/26 approved* | *Proposed % increase* | *2026/27 proposed* | *2026/27 recommended* | *Recommended % increase* |
|---|---|---|---|---|---|
| *Basic Charge (R/month)* | 4 265.46 | 10.00% | 4 692.01 | 4 692.01 | 10.00% |
| **Demand Charge: Low Season** | | | | | |
| Notified Demand Charge: R/kVA | 287.90 | 10.00% | 316.69 | 316.69 | 10.00% |
| Actual Demand charge: R/kVA | 27.94 | 10.00% | 30.73 | 30.73 | 10.00% |
| **Demand Charge: High Season** | | | | | |
| Notified Demand Charge: R/kVA | 382.17 | 10.00% | 420.39 | 420.39 | 10.00% |
| Actual Demand Charge: R/kVA | 30.29 | 10.00% | 33.32 | 33.32 | 10.00% |
| **Energy Charge** | | | | | |
| Low Season (c/kWh) | 215.40 | 10.00% | 236.94 | 236.94 | 10.00% |
| High Season (c/kWh) | 279.38 | 10.00% | 307.32 | 307.32 | 10.00% |

## 9. CONFIDENTIALITY

9.1. None.

## 10. CONCLUSION

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

***End.***