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

Mookgophong/Modimolle Local Municipality

THE DECISION

1. At its meeting held on 8 May 2026, the Regulator Executive Committee (REC) considered the Makhado Local Municipality tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year set out in Section 8(Page 21) below.

2. Based on the available information and the analysis performed thus far, the Regulator Executive Committee decided to:

   2.1. approve the tariffs that are based on the Cost of Supply (COS) Study as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;

   2.2. note the COS study submitted by the municipality;

   2.3. that the municipality must submit a report accounting for all the costs that have been noted in its COS study to enable the National Energy Regulator of South Africa to perform its independent verification/audit process by 31 January 2027; and

   2.4. that the municipality must submit a quarterly smart efficiency plan with

improvement measures identified in reducing high energy losses and submit by 30 September 2026

TABLE OF CONTENTS

THE DECISION 1
ABBREVIATIONS 6
1. INTRODUCTION 7
2. LEGAL AND REGULATORY FRAMEWORK 8
3. Financial and technical performaNce 11
4. DETERMINATION OF Mookgophong/Modimolle's TARIFFS BASED ON THE COST OF SUPPLY STUDy 13
5. Conclusion on the COS 19
6. PUBLIC PARTICIPATION 21
7. THE OBJECTORS AND OTHER INTERVENING PARTIES 21
8. TARIFF ANALYSIS: 21
9. CONFIDENTIALITY 27
10. CONCLUSION 27

LIST OF TABLES

Table 1: Customer Statistics (Data obtained from the latest D-forms – 2024/25 7
Table 2: Performance Indicators 12
Table 3: Sensetive analysis 13
Table 4: Revenue Requirement Components 15
Table 5: Operating expenditure 16

LIST OF FIGURES

Figure 1: Fives steps of COS.....14
Figure 2: Costs Breakdown by Functions.....17
Figure 3: Costs Breakdown by Cost Structure (Classification).....18
Figure 4: Costs Allocated.....19
Figure 5: Revenue Recovery by Customer Category.....19
Figure 6: Rate Design.....21

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 and be implemented on 1 July of each financial year.

1.2. Mookgophong/Modimolle is situated in the Limpopo Province. The Municipality is made up mostly of domestic customers, which consume 46,40% of the total electricity sales. The Municipality provides its 1 701 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 1 below.

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

Consumer classification	Consumption (MWh)	MWh %	Number of customers
Domestic (pre-paid)	32 691	28,75	18 450
Domestic (conventional)	20 066	17,65	2 071
Agriculture	5 260	4,63	43
Manufacturing / Industrial	5 095	4,48	54
Commercial (pre-paid)	4 182	3,68	426
Commercial (conventional)	46 405	40,81	207
Total	**113 699**	**100,00**	**21 251**

Free Basic Electricity (FBE)[1]	963	0,85	1 701

1.3. Municipality's formal tariff application was accompanied by a revised comprehensive Cost of Supply (COS) study, on 31 March 2026. The Municipality's primary objective for submitting the revised COS was to ensure that the projected expenditure and revenue requirements were based on the most recent and accurate financial data and most recent economic parameters.

1.4. Mookgophong/Modimolle implemented a 14,58% average price increase in 2025/26 FY and is applying for an average price increase of 10,50% for the 2026/27 FY.

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

[1] Included in the MWh consumption of both the domestic prepaid and conventional customers.

1.6. NERSA's decision was made on 8 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 ("EPP") for the South African Electricity Supply Industry, 2008.

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

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

2.1.4. This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for the 2026/27 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:

a. Section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue them 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 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:
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 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 2025/26 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 by 6 March 2026;
b. municipal tariff applications to be submitted by 31 March 2026;
c. public participation processes to be concluded by 21 April 2026; and
d. 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:

a. written notice of bulk electricity tariffs be communicated by 31 January each year;
b. municipal tariff applications be submitted to NERSA by 20 March each year; and
c. municipal tariff approvals and the tariff reasons for decision document, be approved and published by 5 May of each year.

2.9. Conclusion

2.9.1. The determination of municipal electricity tariffs by the Energy Regulator must therefore be undertaken within a comprehensive regulatory framework consisting of the NERA, ERA, PAJA, EPP and the binding judicial directives issued by the High Court in AfriForum NPC v NERSA (Case No. 2025/137620).

2.9.2. The reasons that follow in this Reasons for Decision document demonstrate how the Energy Regulator complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for the 2026/27 financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Mookgophong/Modimolle, 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 dependable for the purposes of the tariff analysis.

Surplus

3.2. Mookgophong/Modimolle electricity business operating deficit increased from a deficit of 26,93% in 2023/24 financial year to a deficit 33,31% financial year.

3.3. Efforts to correct incorrect wiring, replace faulty meters and properly classify customers are beginning to stabilise the grid's physical performance. While these actions prevent physical energy "leaks," they require significant upfront capital and specialised contracted services as the results of R10,789 million were spend in the procurement smart meters;

3.4. The view is that the deficit is increasing not because the division is failing, but because it is actively spending to fix historical issues.

Energy Losses

3.5. The licensee achieved a reduction in energy losses, decreasing the rate from 18,17% in 2023/24 FY to 15,82% in 2024/25 FY.

The causes of the energy losses identified in the report

3.6. According to the energy losses report, the primary drivers of inefficiency include theft, meter-related issues (such as faulty hardware, incorrect programming and poor maintenance) and administrative errors like estimated readings, unbilled units.

3.7. The municipality indicated that it is currently in a reinvestment phase. The increased spending on smart meters, audits and maintenance is a "necessary deficit" designed to stop the bleeding of unbilled energy, which will eventually restore the division to a sustainable, profitable state.

Table 2: Performance Indicators

PERFORMANCE INDICATOR: OBTAINED FROM D-FORMS		
Indicators	***2024/25 FY (Actuals)***	***2023/24 FY (Approved)***
Percentage Surplus/deficit: **(%)**	-33,31	-26,93
Energy losses: **(%)**	15,82	18,17

3.8. The energy losses capping scenario was performed to assess the impact of energy losses the municipality profitability as demonstrated on Table 3 below.

Table 3: Sensetive analysis

	D-Form Input	Energy Loss@12%	Energy Loss@ 6%
Average Selling Price c/kWh	202,74		
Sales kWh	113 698 872,39	113 698 872,39	113 698 872,39
Purchases kWh	135 068 312,00	127 342 737,07	120 520 804,73
Losses kWh	21 369 439,61	13 643 864,69	6 821 932,34
Losses percentage	15,82%	12,00%	6,00%
Additional Energy (kWh)		-7 725 574,93	-14 547 507,27
Additional Revenue (Rands)		-15 663 197,20	-29 494 306,55
	D-Form Input	Energy Loss@12%	Energy Loss@ 6%
Total Revenue (Rands)	242 385 116,00	242 385 116,00	242 385 116,00
Total Expenses (Rands)	363 458 893,00	347 795 695,80	318 301 389,26
Net Profit (Loss)	-121 073 777,00	-105 410 579,80	-75 916 273,26
Percentage Surplus/Deficit	**-33,31%**	**-30,31%**	**-23,85%**

3.9. By achieving a 6% energy loss target would have saved the municipality R29 494 million in bulk purchase costs, improving the reported deficit of 33,31% to deficit of 23,85%. Therefore, municipality must accelerate the implementation of the reduction of energy so that a single digit is achieved.

3.10. Based on the above information provided by the D-forms, the performance of the Mookgophong/Modimolle electricity division is technically improving whereas the profitability is temporary eroding as indicated by the deficits that are increasing due to amount spend on managing losses.

4. DETERMINATION OF MOOKGOPHONG/MODIMOLLE'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

4.1. The process followed in considering and approving Mookgophong/Modimolle tariff application was supported by a Cost of Supply study.

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

4.3.

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

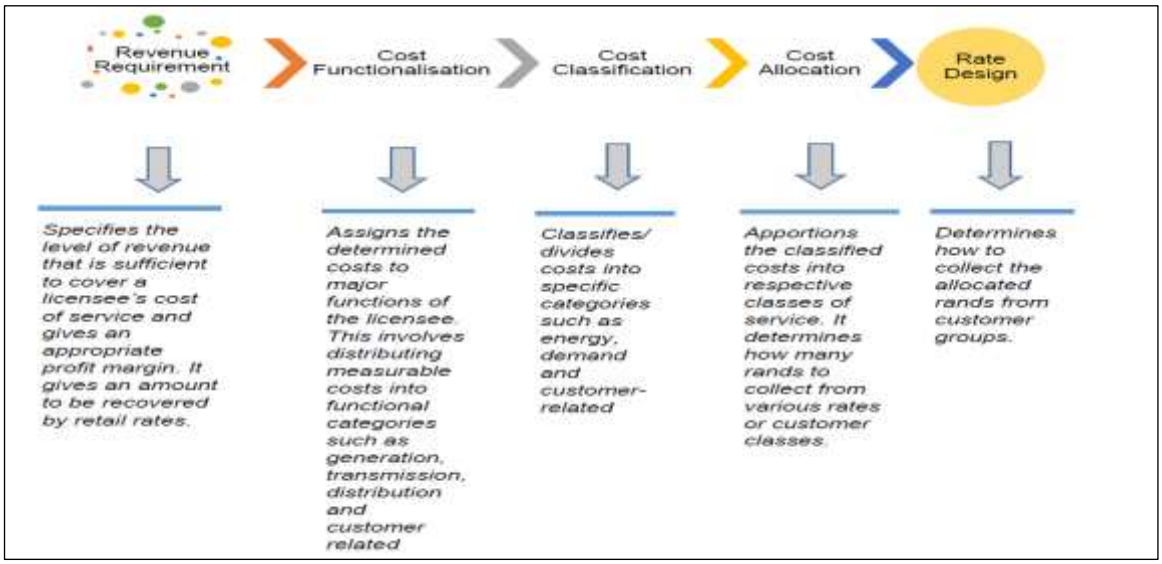


Figure 1: Fives steps of COS

4.5. The following steps are undertaken to analyse the Cost of Supply study:

4.5.1. **Revenue Requirement**

4.5.1.1. The methodology used for Mookgophong/Modimolle is the cost-plus methodology. This approach does not have an audited Regulatory Asset Base (RAB) that meets the requirements for a Rate of Return (ROR) determination. The COS Framework explicitly allows municipalities to determine allowable revenue using prudently incurred costs plus a reasonable surplus. Accordingly, no return on assets was calculated and no Weighted Average Cost of Capital (WACC) was applied.

4.5.1.2. Aligned to the NERSA COS Framework, costs were built up from verified bulk purchases (Eskom invoices) and verified electricity-related operating costs (evaluated against D-forms, Trial Balance and Audited AFS) as shown below:

a. asset value – R164 778 (AFS);
b. depreciation – R7 584 million (AFS); and
c. deficit margin – R39 239 million

4.5.1.3. To be fully cost reflective, the licensee's revenue requirement is R428 607 million for the 2026/27 financial year. This revenue requirement is predominantly Eskom purchases accounting for 79% including allowable technical energy losses allowance. Operational expenditure accounts for 12%.

Table 4: **Revenue Requirement Components**

Revenue Requirement Components	Required Revenue applied for by Municipality		NERSA adjusted Required Revenue	
	Total Revenue	% of Total	Total Revenue	% of Total
Allowable costs	431 634 246	100%	428 607 934	100%
Energy purchases from Eskom - net of cost of losses	301 256 082	70%	301 256 082	70%
Energy purchases from Eskom - cost of losses	40 558 110	9%	40 558 110	9%
Other energy purchases	-	0%	-	0%
Capital expenditure	-	0%	-	0%
Operational expenditure (incl. Depreciation)	50 649 325	12%	47 898 132	11%
Other revenues	-68 748	0%	-68 748	0%
Surplus	39 239 477	9%	38 964 358	9%
Not allowable costs	-		-	
Cost of losses disallowed	-		-	
TOTAL COSTS	431 634 246		428 607 934	

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

4.5.1.5. All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the licensee's electricity function. In accordance with the Electricity Regulation Act, any costs found to be unsubstantiated or improperly incurred were adjusted. Interest on Eskom debt was the inefficient amount identified.

Bulk purchases

4.5.1.6. Mookgophong/Modimolle Municipality applied for bulk purchase expenditure amounting to R301 256 million, representing 79% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year.

4.5.1.7. To derive the 2026/27 bulk purchase estimate, the 2025/26 Cost of Supply (COS) amount was escalated by 9,01%, consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.5.1.8. The methodology applied by Mookgophong/Modimolle in forecasting bulk purchase costs is deemed reasonable given the fact that when budgeting for 2025/26 FY the energy losses capping was applied.

4.5.1.9. The bulk purchase expenditure has therefore been recommended for approval as submitted.

Operational Expenditure

4.5.1.10. Mookgophong/Modimolle requested R50.7 million for operational expenditure, which accounts for 12% of the total costs shown in Table 3.

4.5.1.11. Following an internal assessment to eliminate inefficiencies, R2.8 million in interest on Eskom debt was disallowed. Consequently, the municipality's total application was adjusted from R431.6 million down to R428.6 million, resulting in a 0.70% tariff reduction.

Table 5: Operating expenditure

Line Item	Year 2 estimate (Rand)	NERSA Ajustment (Rands)	Decision (Rands)
General & Other	R50 739 915	(2 841 783)	R47 898 132
			R0
Materials and supplies	R18 111 969	0	R18 111 969
Salaries, wages and allowances (exclude. Repairs and Maintenance)	R25 580 919	0	R25 580 919
Eskom debts' interests	R2 841 783	(2 841 783)	R0
Current year depreciation	R4 205 244	0	R4 205 244

Surplus

4.5.1.12. Mookgophong/Modimolle has requested a surplus of R39 240 million. In recommending a surplus, NERSA relied on section 15(1)(a)(a) of the Electricity Regulation Act, which provides that tariffs must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return. In applying this provision, together with the COS methodology, NERSA is required to ensure that the licensee recovers efficiently and prudently incurred costs, including a reasonable return, while preventing excessive compensation, as result of OPEX adjustment surplus is reduced to the recommended R38 964 million.

4.5.1.13. The adjusted surplus is deemed fair; the potential for overstatement was managed through the imposition of energy loss caps and the disallowance of Eskom-related interest charges.

4.5.1.14. The decision to approve the adjusted revenue requirement will be applied in the subsequent stages, namely Cost Functionalisation, Cost Classification, Cost Allocation and Rate Setting. These stages have been verified and confirmed to align with the approved revenue requirement. Further detail on these stages is provided below.

4.5.2. Cost Functionalisation

4.5.2.1. The licensee has categorised its revenue requirement of R428.6 million into two primary functional components, namely the **wires business (25%)** and the **retail business (75%)**, in accordance with the NERSA COS framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

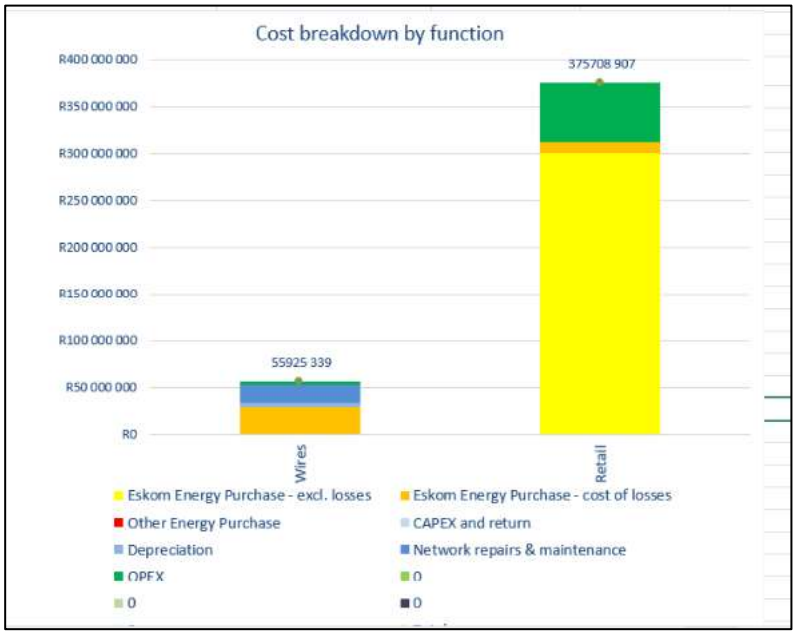


Figure 2*: Costs breakdown by functions*

4.5.2.2. These costs, upon verification, are consistent with the approved revenue requirements. Operational expenditure constitutes the predominant cost drivers within the wires business, while energy purchases represent the primary cost driver within the retail business.

4.5.3. Cost Classification

4.5.3.1. The licensee has classified its costs into energy, demand and customer-related cost components, in accordance with the NERSA COS framework. The costs align with revenue requirements and cost functionalisation upon verification.

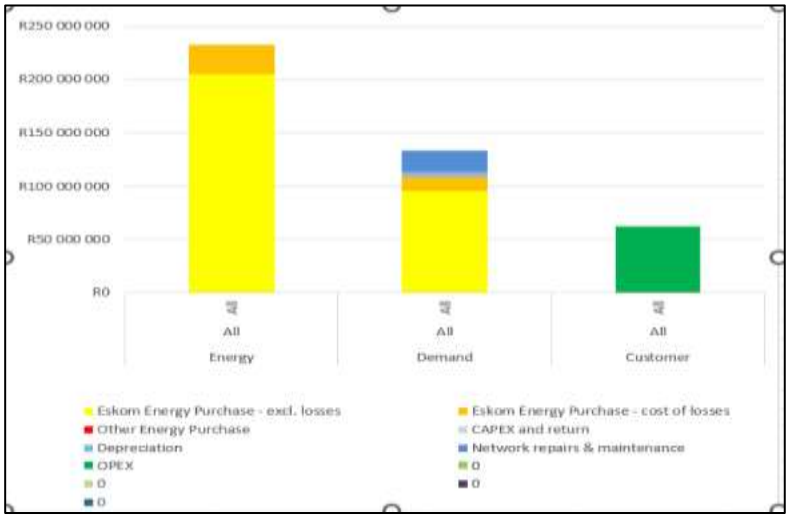


Figure 3*: Costs breakdown by cost structure (Classification)*

4.5.3.2. Energy purchases constitute energy-driven costs, with the highest expenditure incurred during the summer period under the standard Time-of-Use structure, due to the longer duration of the summer season. Demand-driven costs are similarly concentrated in the summer period. Customer-driven costs are primarily associated with “Other OPEX,” which includes expenses related to the provision of electricity distribution services to customers.

4.5.4. Cost Allocation

4.5.4.1. In this step, the licensee’s revenue requirement is allocated across customer categories, in accordance with the NERSA COS framework. Upon verification, the allocation is found to be consistent with the stated revenue requirement and aligned with the principles of cost allocation.

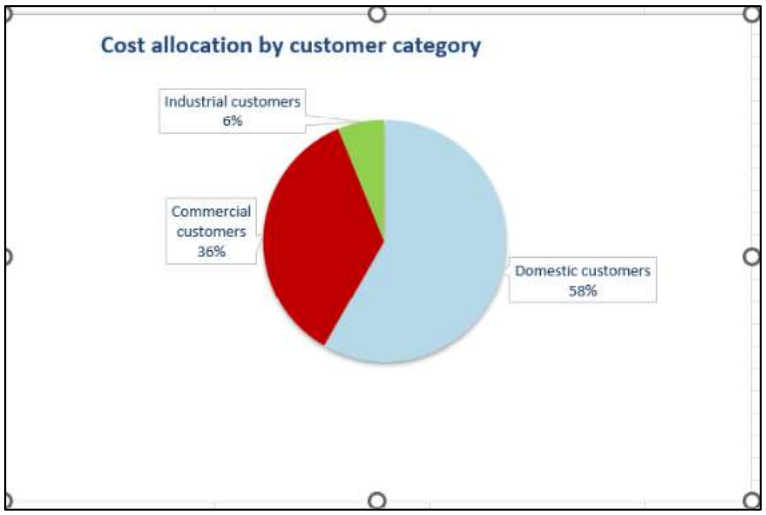


Figure 4: ***Costs Allocated***

4.5.5. Rate Design

4.5.5.1. Figure 5 below reflects the outcome of the COS study, indicating that certain customer categories require upward adjustments, while others warrant decrease. A comparison between the Cost of Supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Figure 5 below.

4.5.5.2. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories. However, the municipality has adopted a less aggressive approach, opting instead for a uniform tariff increase of 10,50% across all customer categories.

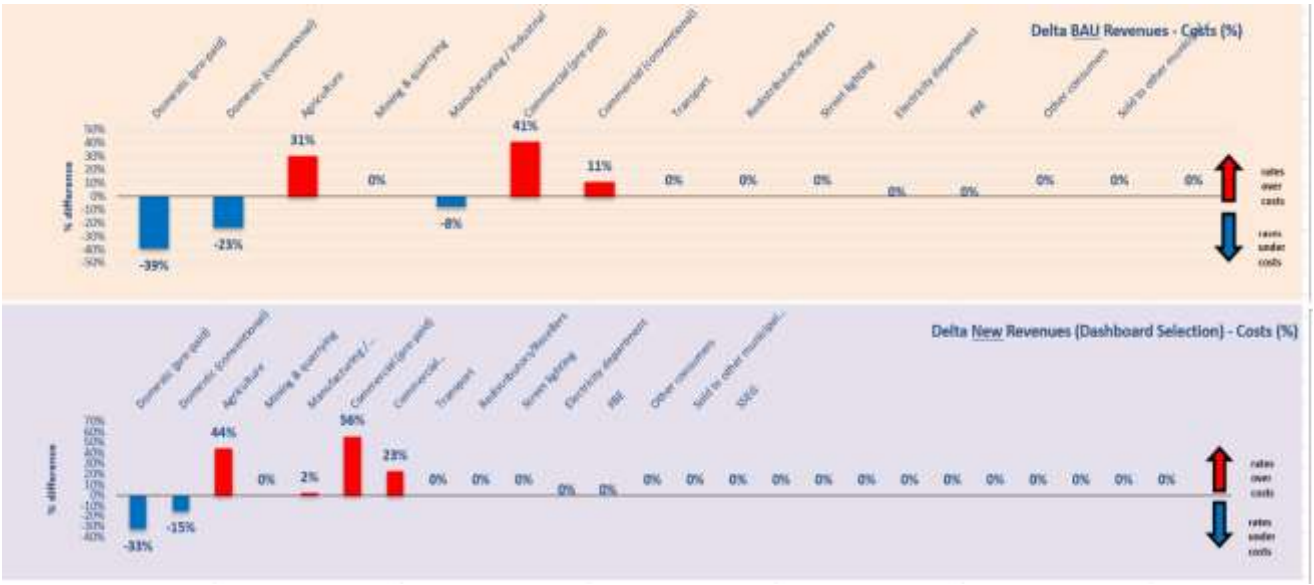


Figure 5*: Revenue Recovery by customer category*

5. CONCLUSION ON THE COS

5.1. While the outcome of the COS study may indicate an average tariff adjustment of a certain percentage for a licensee to achieve full cost reflectivity, a municipality elect to implement such adjustments by applying a full across-the-board increase of 10,50% in line with the results of COS.

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

5.3. In addition, the licensee considered its ability to meet financial obligations, including payments to Eskom, as well as the broader affordability constraints faced by customers, in determining the appropriate trajectory for tariff adjustments.

5.4. This approach is intended to safeguard the municipality's revenue base and support its financial sustainability, in line with applicable legislative requirements.

5.5. 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.

5.6. The COS study results indicate a required increase of 15,4%, as illustrated in figure 6 below, in consideration of the proposed increase municipality factored in.

5.6.1. There is a risk that tariff hikes can lead to an "affordability crisis," particularly for low-income households and the unemployed. To protect these vulnerable groups, utilities choose to absorb some costs (amounting to R18.1) million rather than passing them on entirely.

5.6.2. Applying the full COS result might drive high-consumption users off the grid (grid defection) as they seek cheaper alternatives like solar. This reduces overall sales, forcing even higher tariffs on the remaining customers to cover fixed costs.

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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.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9165/Mokgophoong_ModimolleLim368Municipality_ReasonsforDecisi

Tariff 2: Domestic prepaid, Three Phase , Flat Rate Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Block 1 (<100 kWh)	251,26	10,50%	277,64	277,64	10,50%	The average municipal price has been adjusted downward by 0.70%. Although the impact per kWh is minimal, the cumulative saving across all customers is estimated at R2 million
Block 2 (>100 kWh)	323,08	10,50%	357,00	357,00	10,50%	

Tariff 3&4: Domestic Prepaid, Single Phase and Three Phase, Time Of Use Tariff - - Optional	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Low Season energy charges						A 0.70% adjustment to the average municipal rate results in a fractional change per kWh; however, this translates to an estimated total saving of R2 million for consumers
Peak (c/kWh):	364,91	10,50%	403,23	403,23	10,50%	
Standard (c/kWh):	300,80	10,50%	332,38	332,38	10,50%	
Off-peak (c/kWh):	263,82	10,50%	291,52	291,52	10,50%	
High season energy charges						
Peak (c/kWh):	776,65	10,50%	858,20	858,20	10,50%	
Standard (c/kWh):	384,62	10,50%	425,01	425,01	10,50%	
Off-peak (c/kWh):	278,60	10,50%	307,85	307,85	10,50%	

Tariff 5: Domestic Conventional, Single Phase, Flat Rate Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis

Block 1 (0 - 50 kWh)	200,49	10,50%	221,54	221,54	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Block 2 (51 - 350 kWh)	257,42	10,50%	284,45	284,45	10,50%	
Block 3 (351 - 600 kWh)	361,17	10,50%	399,09	399,09	10,50%	
Block 4 (> 600 kWh)	424,64	10,50%	469,23	469,23	10,50%	
Basic charge (R/month	274,59	10,50%	303,42	303,42	10,50%	

Tariff 6: Domestic Conventional, Single Phase, Time Of Use Tariff- Optional	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic charge (R/month)	211,44	10,50%	233,64	233,64	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Peak (c/kWh):	348,38	10,50%	384,96	384,96	10,50%	
Standard (c/kWh):	289,27	10,50%	319,64	319,64	10,50%	
Off-peak (c/kWh):	223,93	10,50%	247,44	247,44	10,50%	
High season energy charges						
Peak (c/kWh):	781,03	10,50%	863,04	863,04	10,50%	
Standard (c/kWh):	367,08	10,50%	405,62	405,62	10,50%	
Off-peak (c/kWh):	246,50	10,50%	272,38	272,38	10,50%	

Tariff 7: Domestic Conventional, Three Phase, Time Of Use Tariff -	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic charge (R/month)	567,34	10,50%	626,91	626,91	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Low Season energy charges						
Peak (c/kWh):	310,95	10,50%	343,60	343,60	10,50%	
Standard (c/kWh):	258,70	10,50%	285,86	285,86	10,50%	
Off-peak (c/kWh):	200,28	10,50%	221,31	221,31	10,50%	
High season energy charges						

Peak (c/kWh):	698,52	10,50%	771,86	771,86	10,50%	
Standard (c/kWh):	328,30	10,50%	362,77	362,77	10,50%	
Off-peak (c/kWh):	218,70	10,50%	241,66	241,66	10,50%	

Tariff 8: Domestic Conventional, Three Phase, Time Of Use Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic charge (R/month)	1 057,26	10,50%	1168,27	1168,27	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Low Season energy charges						
Peak (c/kWh):	347,67	10,50%	384,18	384,18	10,50%	
Standard (c/kWh):	289,28	10,50%	319,65	319,65	10,50%	
Off-peak (c/kWh):	223,94	10,50%	247,45	247,45	10,50%	
High season energy charges						
Peak (c/kWh):	781,03	10,50%	863,04	863,04	10,50%	
Standard (c/kWh):	267,08	10,50%	295,12	295,12	10,50%	
Off-peak (c/kWh):	242,64	10,50%	268,12	268,12	10,50%	

Tariff 9: Commercial, Prepaid, Single Phase, Time of Use, 60a Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Energy charge	375,67	10,50%	415,12	415,12	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.

Tariff 10: Commercial: Prepaid, Three Phase, Time of Use, 60 a Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic Charges	402,00	10,50%	444,21	444,21	10,50%	Municipal rates have

(R/month)						been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Low Season energy charges						
Peak (c/kWh):	507,48	10,50%	560,77	560,77	10,50%	
Standard (c/kWh):	432,45	10,50%	477,86	477,86	10,50%	
Off-peak (c/kWh):	351,35	10,50%	388,24	388,24	10,50%	
High season energy charges						
Peak (c/kWh):	891,89	10,50%	985,54	985,54	10,50%	
Standard (c/kWh):	394,31	10,50%	435,71	435,71	10,50%	
Off-peak (c/kWh):	340,03	10,50%	375,73	375,73	10,50%	

Tariff 11 & 12: School, Tennis and Bowling Clubs, Single Phase, Flat Rate Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase FY 2026/27	Findings and Analysis
Energy charge (c/kWh)	293,33	12,76%	330,76	330,76	12,76%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.

Tariff 13: Commercial Conventional, Single Phase, Time of Use, < 80 A Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic Charge (R/month)	644,29	10,50%	711,94	711,94	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Low Season energy charges						
High season energy charges	351,69	10,50%	388,62	388,62	10,50%	
Peak (c/kWh):	299,67	10,50%	331,14	331,14	10,50%	
Standard (c/kWh):	243,48	10,50%	269,05	269,05	10,50%	
High season						

energy charges						
Peak (c/kWh):	665,93	10,50%	735,85	735,85	10,50%	
Standard (c/kWh):	343,37	10,50%	379,42	379,42	10,50%	
Off-peak	253,87	10,50%	280,53	280,53	10,50%	

Tariff 14: Commercial Conventional, Three Phase, Time of Use, < 80a Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic Charge (R/month)	973,54	10,50%	1 075,76	1 075,76	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Low Season energy charges						
Peak (c/kWh):	399,48	10,50%	441,43	441,43	10,50%	
Standard (c/kWh):	340,38	10,50%	376,12	376,12	10,50%	
Off-peak c/kWh	276,58	10,50%	305,62	305,62	10,50%	
High season energy charges						
Peak (c/kWh):	756,41	10,50%	835,83	835,83	10,50%	
Standard (c/kWh):	390,02	10,50%	430,97	430,97	10,50%	
Off-peak c/kWh	288,37	10,50%	318,65	318,65	10,50%	

Tariff 15: Large Power Users, Time of Use Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Basic Charge (R/month)	964,03	10,50%	1 065,25	1 065,25	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Low Season energy charges						
Peak (c/kWh):	239,78	10,45%	264,84	264,84	10,45%	
Standard (c/kWh):	200,66	10,50%	221,73	221,73	10,50%	
Off-peak c/kWh	138,15	10,50%	152,66	152,66	10,50%	
Demand Charge R/kWh	112,84	10,50%	124,68	124,68	10,50%	
Access Charge R/kWh	77,58	10,50%	85,73	85,73	10,50%	
High season energy charges						
Peak (c/kWh):	839,72	10,50%	927,89	927,89	10,50%	
Standard (c/kWh):	269,48	10,49%	297,76	297,76	10,49%	

Off-peak c/kWh	156,23	10,50%	172,63	172,63	10,50%	
Demand Charge R/kWh	129,48	10,50%	143,08	143,08	10,50%	
Access Charge R/kWh	101,49	10,50%	112,15	112,15	10,50%	

Tariff 16: Net-metering Tariff	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Low Season energy charges						Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Peak (R/kWh):	189,27	10,50%	209,14	209,14	10,50%	
Standard (R/kWh):	130,27	10,50%	143,95	143,95	10,50%	
Off-peak (R/kWh):	82,65	10,50%	91,33	91,33	10,50%	
High season energy charges						
Peak (R/kWh):	580,21	10,50%	641,13	641,13	10,50%	
Standard (R/kWh):	175,80	10,50%	194,26	194,26	10,50%	
Off-peak (R/kWh):	95,46	10,50%	105,48	105,48	10,50%	

Tariff 17: Municipality Own Use	2025/26 FY Approved Rates	2026/27 FY Proposed %	2026/27 FY Proposed Rates	2026/27 FY Recommended Rates	Recommended % increase for 2026/27 FY	Findings and Analysis
Summer Energy Charge (R/kWh)	152,70	10,50%	168,73	168,73	10,50%	Municipal rates have been adjusted by 0.70% relative to the average price. While this represents only a fraction of a cent per kWh, the total estimated savings for all customers is R2 million.
Winter Energy Charge (R/kWh)	271,80	10,50%	300,34	300,34	10,50%	

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered the Mookgophong/Modimolle application, supporting information and applicable legal framework, approve the tariff adjustments as set out in this Reasons for Decision.

End.