NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Draft Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year
By

JB Marks Local Municipality

THE DECISION

1. At its meeting held on 30 April 2026, the Regulator Executive Committee (REC) considered the JB Marks Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year set out in section 7 of this document.

2. Based on the available information and the analysis performed, the REC decided:

   a) to approve the tariffs that are based on the cost drivers, as recommended in the tariff analysis section, for implementation by the municipality with effect from 1 July 2026;
   b) to note the cost drivers submitted by the licensee; and
   c) that the licensee must submit a report accounting for all the costs identified in its cost of supply study to enable the National Energy Regulator of South Africa to perform its independent verification or audit process.

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ABBREVIATIONS AND ACRONYMS

COS	Cost of Supply
D-form	Distribution form
ERTSA	Eskom Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IPP	Independent Power Producer
JBMLM	JB Marks Local Municipality
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. The JB Marks Local Municipality (JBMLM) is located in the North West. The licensee has 31 087 customers, which 47.68% attributed to industrial customers.

1.3. The municipality provides its indigent customers with 50 kWh of Free Basic Electricity (FBE) per month. The municipality further reported that it maintains an indigent register. The details regarding customer statistics are highlighted in **Error! Reference source not found.** below.

Table 1: Customer statistics (data obtained from the latest D-forms – 2024/25FY)

Customer categories	***MWh***	***% MWh***	***Customer numbers***
Domestic(Prepaid)	135 679	22,56%	23 765
Domestic(Conventional)	15 464	2,57%	4 537
Manufacturing	286 756	47,68%	274
Commercial	131 123	21,80%	2 391
Street Lighting	11 676	1,94%	N/A
Resellers	20 757	3,45%	120
TOTAL	**601 455**	**100,00%**	**31 087**
FBE	**24369**	**16,12%**	**13465**

1.4. NERSA received JBMLM's tariff application and its cost of supply (COS) study on 31 March 2026.

1.5. The municipality implemented an average price increase of 12.90% in the 2025/26 financial year (FY) and is applying for an average price increase of 11% for 2026/27FY.

1.6. NERSA followed the notice and comment consultation process. JBMLM'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.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

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

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

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

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

2.2. NERSA's Statutory Mandate

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 Energy Regulator's electricity regulatory mandate 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 licences subject to conditions;
b) section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs; and
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 that guide the determination of electricity tariffs in 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. Therefore, public participation processes conducted by the Energy Regulator 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 providing electricity services, and that the average tariff level 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 COS methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3. Policy Position 23 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 NERSA.

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 seeking to vary the timelines set by the Court on 4 December 2025, in light of the practical difficulties arising in relation to NERSA's compliance with the Court order. The Court, having heard NERSA's application, granted the variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

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

a) Written notice of bulk tariffs must be communicated by 6 March 2026.
b) Municipal tariff applications must be submitted by 31 March 2026.
c) Public participation processes must be concluded by 21 April 2026.
d) NERSA decisions must be published by 11 May 2026.

2.8.2. Municipal tariff approvals from 2027/28 must comply with the following timelines:

a) Written notice of bulk electricity tariffs must be communicated by 31 January each year.
b) Municipal tariff applications must be submitted to NERSA by 20 March each year.
c) Municipal tariffs and the tariff reasons for decision documents must be approved and published by 5 May of each year.

2.9. **Conclusion**

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

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

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance, NERSA relied on the 2024/25 Distribution forms (D-forms) the licensee submitted with its tariff application. The D-forms' information was validated by NERSA against the relevant source documents submitted by the municipality (i.e. the trial balance/audited annual financial statement). Hence, the information provided in the D-forms is considered reasonable for the analysis of the tariffs.

Table 2: Performance indicators

Performance indicators	**2024/25FY**	**2023/24FY**
Percentage surplus/(Deficit): **(%)**	16.84	13.99
Energy Losses: (**%)**	12.52	12.04

Percentage Surplus

3.2. The municipality's surplus has increased from 13.99% in the 2023/24 financial year to 16.84% in 2024/25FY. JBMLM attributes this increase to a 7% growth in total income, which has improved cost recovery and strengthened the financial position of the electricity business.

Energy Losses

3.3. JBMLM's energy losses have increased from 12.04% in the 2023/24 financial year to 12.52% in 2024/25FY. The municipality must continue to monitor its energy losses to ensure they are reduced to single digits.

General Conclusion on the Financial and Technical Indicators

3.4. Based on the above information, the technical and financial performance of the municipality's electricity department is satisfactory. This assessment is supported by the improvement in the surplus position, which indicates strengthened cost recovery and financial sustainability, as well as energy losses that, although slightly increased, remain within an acceptable range.

4. DETERMINATION OF JBMLM'S TARIFFS BASED ON THE EXISTING COS STUDY

4.1. The licensee submitted its existing COS study, which supports the tariff application that will be approved in the 2026/27 financial year. The licensee's COS study included all requirements of NERSA's approved COS Framework (i.e. revenue requirement, cost functionalisation, cost classification, cost allocation and rate setting).

4.2. The revenue requirement for JBMLM was determined using a cost-plus methodology in accordance with the COS Framework. Aligned with the COS Framework, costs were built up from verified bulk purchases (Eskom invoices) and verified electricity-related operating costs (tested against D-forms, trial balance and audited annual financial statement).

4.3. Section 18.7 of the October 2023 NERSA-approved COS 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 3 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 approval, the figures were estimates) when the Energy Regulator considered and approved the 2026/27 COS base tariffs. Once the financial year ends, the actual figures will be verified using the audited statements.

iii. Column 3 is for the licensee's submitted 2026/27 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 NERSA's recommended amounts that sum up to allowable revenues the licensee must recover in 2026/27FY.

4.5. The licensee applied for a total allowable revenue of R1 242 197 401 for the 2026/27 financial year. Following its prudency and efficiency assessment, NERSA disallowed R28 124 679, resulting in an approved total allowable revenue of R1 214 072 721, representing a reduction of approximately 2.26% from the amount applied for. The adjustment primarily relates to the exclusion of Eskom debt interest, which is not considered an efficient cost of providing the regulated electricity distribution service and therefore is not recoverable through customer tariffs.

Table 3: Revenue requirement components

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	601 454 565	607 469 111	619 618 493	-	619 618 493
Eskom bulk purchases	kWh	687 564 946	694 440 595	708 329 407	-	708 329 407
Total Energy Requirements	**kWh**	**687 564 946**	**694 440 595**	**708 329 407**		**708 329 407**
Total Losses	kWh	86 110 381	86 971 485	88 710 915		88 710 915
Technical losses	kWh	82 507 794	83 332 871	84 999 529	-	84 999 529
Non-technical losses	kWh	-3 602 587	-3 638 613	-3 711 386	-	-3 711 386
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**		**12,00%**
Total Energy losses	%	12,52%	12,52%	12,52%		12,52%
Cost drivers						
Energy purchases from Eskom	Rand	854 636 452	923 346 209	1 049 539 702	-	1 049 539 702
other energy purchases		-	-	-	-	-
total energy purchases		**854 636 452**	**923 346 209**	**1 049 539 702**	**-**	**1 049 539 702**
Cost of technical losses	Rand	-				
Non-Technical Losses						
Operational expenditure (incl. Depreciation)	**Rand**	**157 473 265**	**157 458 746**	**184 956 411**	**(31 254 206,94)**	**153 702 204**
General & Other	0	133 601 628	133 109 677	155 415 925	(28 124 679,45)	124 161 718
Salaries and allowances	Rand	42 876 570	42 962 867	47 615 896		47 615 896
Materials and supplies	Rand	26 574 890	26 672 137	30 345 908	-	30 345 908
Contracted Services	Rand	7 459 361	7 583 142	9 189 793	-	9 189 793
Salaries, wages and allowances (exclu. Repairs and Maintenance)		6 453 786	6 547 400	8 136 666		7 115 299
Current year depreciation	Rand	24 468 556	24 502 612	29 894 821	-	29 894 821
Eskom debts interest	Rand	25 768 465	24 841 519	30 232 840	(28 124 679,45)	-
Shared OPEX	Rand	23 871 637	24 349 070	29 540 486	-	29 540 486
Bad debts (Allowance for Impairment)	Rand	23 871 637	24 349 070	29 540 486	-	29 540 486
General expenses	Rand	**0**	**0**	**0**	**-**	**0**
Total Expediture before surplus	Rand	**1 008 507 129**	**1 077 166 342**	**1 230 784 727**	**-**	**1 230 784 727**
Surplus	Rand	30 255 214	32 314 990	36 923 542		36 923 542
Total Expenditure Including Surplus	Rand	1 038 762 343	1 109 481 332	1 267 708 269	-	1 267 708 269
Other revenues	Rand	**-24 109 862**	**-24 830 123**	**-25 510 868**	**-**	**-30 565 420**
Reconnection fees	Rand	3 478 465	3 548 034	3 787 527	-	3 787 527
New connections	Rand	874 563	918 291	952 268	-	952 268
Street lighting	Rand	19 756 834	20 363 798	20 771 074		25 825 626
Total Allowable Revenus	**Rand**	**1 014 652 481**	**1 084 651 209**	**1 242 197 401**	**(28 124 679)**	**1 214 072 721**
increase required				***14,53%***	***11,93%***	

4.6. Figures were verified using Eskom invoices and verified electricity-related operating costs (tested against 2024/25 D-Forms, trial balance and audited annual financial statement). Only prudently incurred and efficiently verified costs, supplemented by a reasonable surplus margin, are recommended for approval. This forms the basis for projecting costs for the 2026/27 financial year, using assumptions to calculate revenue requirements.

Bulk Purchases

4.7. For the 2026/27 financial year, the licensee has applied for a bulk purchase expenditure of R1 049 539 702, which accounts for 86% of total costs inclusive of the 12% energy loss allowance. Bulk purchases were verified against the 2024/25 Eskom invoices.

4.8. To get to the 2026/27 estimate, the licensee provided the year-to-date figures for 2025/26, then made an estimate that this cost item would increase by 9,01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

Operating Expenditure (Including Depreciation)

4.9. The licensee applied for operational expenditure (including depreciation) of R184 956 411 for the 2026/27 depreciation, which accounts for 13% of total costs, compared to R157 458 746 submitted in the COS study and R157 473 265 recorded in the 2024/25 financial year. The increase is primarily attributable to higher employee-related costs, materials and supplies, contracted services and depreciation associated with maintaining and operating the electricity distribution network.

4.10. NERSA assessed the individual OPEX cost components against historical expenditure, audited financial information, the COS study and the prudency and efficiency principles of the COS Framework. While the majority of operating costs were found to be reasonable and directly related to the regulated electricity business, Eskom debt interest amounting to R28 124679 was disallowed as it does not represent an efficient operating cost incurred in providing electricity distribution services and should not be recovered through electricity tariffs.

Surplus

4.11. The licensee applied for an operating surplus of R36 923 542 for the 2026/27 financial year.

4.12. NERSA assessed the proposed surplus in the context of the licensee's overall financial position, the condition of the electricity distribution network and the need to maintain a financially sustainable electricity service. The assessment considered that electricity distributors require a reasonable surplus to provide a financial buffer against operational uncertainties, including fluctuations in electricity demand, rising bulk purchase costs, unforeseen network failures and the financial impact of technical and non-technical energy losses.

4.13. The approved surplus of R36 923 542 is considered prudent and reasonable as it provides the licensee with sufficient financial capacity to support the maintenance, refurbishment and replacement of ageing electricity infrastructure, strengthen network reliability, and improve service quality. The surplus also serves as a buffer to fund emergency repairs, asset maintenance programmes and operational contingencies that may arise during the financial year, thereby reducing the risk of deferred maintenance and network deterioration.

Conclusion on Costs to Serve

4.14. NERSA assessed the licensee's cost to serve for the 2026/27 financial year in accordance with the COS Framework, taking into account the prudency, efficiency and reasonableness of all cost components. The assessment included an evaluation of projected energy purchases, operational expenditure, shared operating costs, other revenues and the proposed operating surplus.

4.15. Following the assessment, NERSA disallowed costs amounting to R28 124 679, primarily relating to Eskom debt interest, as these costs are not considered prudent or efficiently incurred in providing the regulated electricity distribution service. Consequently, the total allowable revenue was reduced from R1 242 197 401 to R1 214 072 721.

4.16. The approved allowable revenue provides for the recovery of efficient and prudently incurred costs necessary to procure electricity, operate and maintain the distribution network, fund depreciation and support the day-to-day delivery of electricity services. It also includes a reasonable operating surplus of R36 923 542, which provides a financial buffer to strengthen the sustainability of the electricity undertaking and support ongoing network maintenance, refurbishment and replacement of ageing infrastructure. This is particularly important in mitigating the risks associated with increasing maintenance requirements, emergency network repairs, rising bulk electricity costs and technical and non-technical energy losses.

4.17. The cost-to-serve analysis recommends an average tariff increase of 14.53% for the licensee for 2026/27FY. Following NERSA's assessment and engagement with the municipality, an amount of R28 124 679 in Eskom interest charges was disallowed as inefficient expenditure. However, the licensee is proposing an 11% increase to review its tariffs for the 2026/27 financial year. Some of the considerations for this decision include the licensee's requirement to maintain a sustainable tariff level to stimulate demand and the ability to cover Eskom bulk electricity costs and ensure customer affordability while maintaining long-term financial stability.

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						partially offset by lower consumption volumes.

3. Tariff B: Residential Resellers Tariff	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	821,34	911,69	11,00%	911,69	11,00%	The increase will lead to higher input costs for residential resellers, who are likely to pass these increases on to end-users (tenants or bulk-supplied customers), resulting in elevated electricity costs at the final consumer level. Revenue may increase per unit but be partially offset by lower consumption volumes.
Automated Meter Reading Basic Charge (R/month)	3855,94	4280,09	11,00%	4280,09	11,00%	
(Energy Charge c/kWh)	300,50	333,56	11,00%	333,56	11,00%	

Commercial Customers

4. Commercial (Tariff A Business)	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge: R/month	121,31	134,65	11,00%	134,65	11,00%	The proposed 11% increase in commercial tariffs, relative to the Eskom bulk increase of 9.01%, represents an above-cost-reflective adjustment with a margin differential of approximately 1.99%. For the licensee, the increase enables full recovery of bulk electricity costs and provides additional revenue to cover non-bulk operational costs and improve financial sustainability.
Energy charge: c/kWh	380,52	422,38	11,00%	422,38	11,00%	

5. Municipal (Street lighting Tariff F)	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge: R/month	242,69	269,39	11,00%	269,39	11,00%	This adjustment will lead to a direct increase in municipal operating expenditure, as street lighting is a non-revenue-generating public service. Consequently, municipalities will need to absorb the higher costs within their budgets.
Energy charge: c/kWh	274,76	304,98	11,00%	304,98	11,00%	

6. Municipal (Traffic lighting Tariff F)	2025/26FY Approved Tariffs	2025/26 Proposed Tariffs	2025/26 Proposed % Increase	Recommended 2025/26 Tariffs	Recommended 2025/26 % Increase	Analysis and Key Findings
Basic Charge: R/month	188,87	209,65	11,00%	209,65	11,00%	This adjustment will lead to a direct increase in municipal operating expenditure, as street lighting is a non-revenue-generating public service. Consequently, municipalities will need to absorb the higher costs within their budgets.
Energy charge: c/kWh	255,97	284,13	11,00%	284,13	11,00%	

7. Commercial (Tariff B)	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/M)	126,23	140,12	11,00%	140,12	11,00%	The increase will result in a material increase in operating costs for commercial customers, particularly those with higher capacity requirements, as both consumption and capacity-related charges are affected. Businesses may respond by passing increased costs to consumers, contributing to inflationary pressures, or by implementing energy-efficiency and load-management strategies, which could lead to a moderate demand reduction.
Energy Charge (c/kWh)	290,57	322,53	11,00%	322,53	11,00%	
Capacity Charge (R/Amp)	25,56	28,37	11,00%	28,37	11,00%	

Industrial Customers

INDUSTRIAL TARIFF - TIME OF USE						
8. INDUSTRIAL (Tariff C-LV)	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	769,20	853,81	11,00%	853,81	11,00%	The proposed 11% increase in Industrial (Tariff C – LV) exceeds the Eskom bulk purchase cost increase of 9.01%, resulting in an above-cost-reflective adjustment with a margin differential of approximately 1.99%. For the licensee, the above cost increase ensures full recovery of Eskom bulk costs and provides additional revenue to cover non-bulk operational costs, address historical under-recovery and improve financial sustainability. However, there is a risk that reduced consumption and efficiency-driven demand changes may partially offset the anticipated revenue gains.
Automated Meter Reading Basic Charge (R/month)	3847,07	4270,25	11,00%	4270,25	11,00%	
Summer Energy Charge c/kWh	232,39	257,95	11,00%	257,95	11,00%	
Winter Energy Charge c/kWh	406,68	451,41	11,00%	451,41	11,00%	
Summer Demand Charge (R/kVA)	159,96	177,56	11,00%	177,56	11,00%	
Winter Demand Charge (R/kVA)	296,34	328,94	11,00%	328,94	11,00%	

All season Network Excess Charge (R/kVA)	77,47	85,99	11,00%	85,99	11,00%	

9. INDUSTRIAL (Tariff C-LV) NGO	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	769,20	853,81	11,00%	853,81	11,00%	The proposed 11% increase in Industrial (Tariff C – LV) exceeds the Eskom bulk purchase cost increase of 9.01%, resulting in an above-cost-reflective adjustment with a margin differential of approximately 1.99%. For the licensee, the above cost increase ensures full recovery of Eskom bulk costs and provides additional revenue to cover non-bulk operational costs, address historical under-recovery and improve financial sustainability. However, there is a risk that reduced consumption and efficiency-driven demand changes may partially offset the anticipated revenue gains.
Automated Meter Reading Basic Charge (R/month)	3847,07	4270,25	11,00%	4270,25	11,00%	
Summer Energy Charge c/kWh	232,39	257,95	11,00%	257,95	11,00%	
Winter Energy Charge c/kWh	406,68	451,41	11,00%	451,41	11,00%	
Summer Demand Charge (R/kVA)	159,96	177,56	11,00%	177,56	11,00%	
Winter Demand Charge (R/kVA)	296,34	328,94	11,00%	328,94	11,00%	
All season Network Excess Charge (R/kVA)	77,47	85,99	11,00%	85,99	11,00%	

10. INDUSTRIAL (Tariff C-MV)	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	769,20	853,81	11,00%	853,81	11,00%	Customers will experience higher electricity costs, with the extent of the impact depending on the applicable percentage increase. Where increases align with Eskom (e.g. 9.01%), the impact is cost-reflective and moderate. Where increases exceed Eskom (e.g. 11%), the impact is more pronounced, placing greater pressure on affordability and operating costs. For the licensee, the proposed tariffs improve revenue generation.
Automated Meter Reading Basic Charge (R/month)	3847,07	4 270,25	11,00%	4270,25	11,00%	
Summer Energy Charge c/kWh	221,97	246,39	11,00%	246,39	11,00%	
Winter Energy Charge c/kWh	392,38	435,54	11,00%	435,54	11,00%	
Summer Demand Charge (R/kVA)	152,65	169,44	11,00%	169,44	11,00%	
Winter Demand Charge (R/kVA)	276,15	306,53	11,00%	306,53	11,00%	
All season Network Excess Charge (R/kVA)	77,47	85,99	11,00%	85,99	11,00%	

11. INDUSTRIAL (Tariff C-MV) NGO	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	769,20	853,81	11,00%	853,81	11,00%	Customers will experience higher electricity costs, with the extent of the impact depending on the applicable percentage increase. Where increases align with Eskom (e.g. 9.01%), the impact is cost-reflective and moderate. Where increases exceed Eskom (e.g. 11%), the impact is more pronounced, placing greater pressure on affordability and operating costs. For the licensee, the proposed tariffs improve revenue generation.
Automated Meter Reading Basic Charge (R/month)	3847,07	4270,25	11,00%	4270,25	11,00%	
Summer Energy Charge c/kWh	221,97	246,39	11,00%	246,39	11,00%	
Winter Energy Charge c/kWh	392,38	435,54	11,00%	435,54	11,00%	

Summer Demand Charge (R/kVA)	152,65	169,44	11,00%	169,44	11,00%	
Winter Demand Charge (R/kVA)	276,15	306,53	11,00%	306,53	11,00%	
All season Network Excess Charge (R/kVA)	77,47	85,99	11,00%	85,99	11,00%	

12. Tariff D LV	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	768,27	852,78	11,00%	852,78	11,00%	The impact is significantly higher than the tariff MV above, particularly for high-demand customers (due to increased kVA charges) and peak-period users (due to elevated peak tariffs, especially in winter). This places greater pressure on affordability and operational costs, prompting stronger load shifting, energy efficiency and potential self-generation responses, which may lead to moderate demand reduction. For the licensee, the higher increase improves revenue and enables recovery beyond bulk costs, enhancing financial sustainability.
Automated Meter Reading Basic Charge (R/month)	3613,75	4011,26	11,00%	4011,26	11,00%	
All season Network Excess Charge (R/kVA)	86,49	96,00	11,00%	96,00	11,00%	
All season Demand Charge (R/kVA)	131,89	146,40	11,00%	146,40	11,00%	
Energy charges: Summer						
Peak c/kWh	331,61	368,09	11,00%	368,09	11,00%	
Standard c/kWh	215,29	238,97	11,00%	238,97	11,00%	
Off-Peak c/kWh	158,87	176,35	11,00%	176,35	11,00%	
Energy charges: Winter						
Peak c/kWh	820,36	910,60	11,00%	910,60	11,00%	
Standard c/kWh	310,71	344,89	11,00%	344,89	11,00%	
Off-Peak c/kWh	182,56	202,64	11,00%	202,64	11,00%	

13. Tariff D LV NGO	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	768,27	852,78	11,00%	852,78	11,00%	The impact is significantly higher than the tariff MV above, particularly for high-demand customers (due to increased kVA charges) and peak-period users (due to elevated peak tariffs, especially in winter). This places greater pressure on affordability and operational costs, prompting stronger load shifting, energy efficiency and potential self-generation responses, which may lead to moderate demand reduction. For the licensee, the higher increase improves revenue and enables recovery beyond bulk costs, enhancing financial sustainability.
Automated Meter Reading Basic Charge (R/month)	3613,75	4011,26	11,00%	4011,26	11,00%	
All season Network Excess Charge (R/kVA)	86,49	96,00	11,00%	96,00	11,00%	
All season Demand Charge (R/kVA)	131,89	146,40	11,00%	146,40	11,00%	
Energy charges: Summer						
Peak c/kWh	331,61	368,09	11,00%	368,09	11,00%	
Standard c/kWh	215,29	238,97	11,00%	238,97	11,00%	
Off-Peak c/kWh	158,87	176,35	11,00%	176,35	11,00%	
Energy charges: Winter						
Peak c/kWh	820,36	910,60	11,00%	910,60	11,00%	
Standard c/kWh	310,71	344,89	11,00%	344,89	11,00%	
Off-Peak c/kWh	182,56	202,64	11,00%	202,64	11,00%	

14. Tariff D MV	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month) 230/400	768,27	852,78	11,00%	852,78	11,00%	Customers are likely to respond through load shifting and efficiency measures, leading to moderate demand reduction and increased cost pressure for energy-intensive users. For the licensee, the increase ensures full recovery of bulk costs and a small additional margin (~1.99%) to support non-bulk costs and financial sustainability, albeit with some risk of reduced consumption and affordability constraints.
Basic Charge (R/month) 230/400 not exceeding 11 kV	769,71	854,38	11,00%	854,38	11,00%	
Automated Meter Reading Basic Charge (R/month)	3613,75	4 011,26	11,00%	4011,26	11,00%	
All season Network Excess Charge (R/kVA)	82,59	91,67	11,00%	91,67	11,00%	
All season Demand Charge (R/kVA)	129,63	143,89	11,00%	143,89	11,00%	
Energy charges: Summer						
Peak c/kWh	311,81	346,11	11,00%	346,11	11,00%	
Standard c/kWh	196,48	218,09	11,00%	218,09	11,00%	
Off-Peak c/kWh	152,03	168,75	11,00%	168,75	11,00%	
Energy charges: Winter						
Peak c/kWh	778,45	864,08	11,00%	864,08	11,00%	
Standard c/kWh	298,07	330,86	11,00%	330,86	11,00%	
Off-Peak c/kWh	172,05	190,98	11,00%	190,98	11,00%	

15. Tariff D MV NGO	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month) 230/400	768,27	852,78	11,00%	852,78	11,00%	Customers are likely to respond through load shifting and efficiency measures, leading to moderate demand reduction and increased cost pressure for energy-intensive users. For the licensee, the increase ensures full recovery of bulk costs and a small additional margin (~1.99%) to support non-bulk costs and financial sustainability, albeit with some risk of reduced consumption and affordability constraints.
Basic Charge (R/month) 230/400 not exceeding 11 kV	769,71	854,38	11,00%	854,38	11,00%	
Automated Meter Reading Basic Charge (R/month)	3613,75	4011,26	11,00%	4011,26	11,00%	
All season Network Excess Charge (R/kVA)	82,59	91,67	11,00%	91,67	11,00%	
All season Demand Charge (R/kVA)	129,63	143,89	11,00%	143,89	11,00%	
Energy charges: Summer						
Peak c/kWh	311,81	346,11	11,00%	346,11	11,00%	
Standard c/kWh	196,48	218,09	11,00%	218,09	11,00%	
Off-Peak c/kWh	152,03	168,75	11,00%	168,75	11,00%	
Energy charges: Winter						
Peak c/kWh	778,45	864,08	11,00%	864,08	11,00%	
Standard c/kWh	298,07	330,86	11,00%	330,86	11,00%	
Off-Peak c/kWh	172,05	190,98	11,00%	190,98	11,00%	

16. Tariff E High Voltage	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	821,32	911,67	11,00%	911,67	11,00%	Customers will face a notable increase in electricity costs across fixed, demand, and time-of-use charges, with particularly high impacts during winter peak periods, prompting load shifting and efficiency measures that may lead to moderate demand reduction, especially for energy-intensive users. For the licensee, the 11% increase (above the 9.01% bulk increase) enables full cost recovery and an additional margin (1.99%) to support non-bulk costs and improve financial sustainability, albeit with some risk of reduced consumption and affordability pressures.
Automated Meter Reading Basic Charge (R/month)	3855,94	4 280,09	11,00%	4280,09	11,00%	
All season Network Excess Charge (R/kVA)	73,68	81,784	11,00%	81,78	11,00%	
All season Demand Charge (R/kVA)	94,65	105,06	11,00%	105,06	11,00%	
Energy charges: Summer						
Peak c/kWh	342,29	379,94	11,00%	379,94	11,00%	
Standard c/kWh	206,80	229,55	11,00%	229,55	11,00%	
Off-Peak c/kWh	151,69	168,38	11,00%	168,38	11,00%	
Energy charges: Winter						
Peak c/kWh	851,14	944,77	11,00%	944,77	11,00%	
Standard c/kWh	295,68	328,20	11,00%	328,20	11,00%	
Off-Peak c/kWh	174,23	193,40	11,00%	193,40	11,00%	

17. Tariff E High voltage NGO	2025/26FY Approved Tariffs	2026/27FY Proposed Tariffs	2026/27FY Proposed % Increase	Recommended 2026/27FY Tariffs	Recommended 2026/27FY % Increase	Analysis and Key Findings
Basic Charge (R/month)	821,32	911,67	11,00%	911,67	11,00%	Customers will face a notable increase in electricity costs across fixed, demand and time-of-use charges, with particularly high impacts during winter peak periods, prompting load shifting and efficiency measures that may lead to moderate demand reduction, especially for energy-intensive users. For the licensee, the 11% increase (above the 9.01% bulk increase) enables full cost recovery and an additional margin (1.99%) to support non-bulk costs and improve financial sustainability, albeit with some risk of reduced consumption and affordability pressures.
Automated Meter Reading Basic Charge (R/month)	3855,94	4 280,09	11,00%	4280,09	11,00%	
All season Network Excess Charge (R/kVA)	73,68	81,78	11,00%	81,78	11,00%	
All season Demand Charge (R/kVA)	94,65	105,06	11,00%	105,06	11,00%	
Energy charges: Summer						
Peak c/kWh	342,29	379,94	11,00%	379,94	11,00%	
Standard c/kWh	206,80	229,55	11,00%	229,55	11,00%	
Off-Peak c/kWh	151,69	168,38	11,00%	168,38	11,00%	
Energy charges: Winter						
Peak c/kWh	851,14	944,77	11,00%	944,77	11,00%	
Standard c/kWh	295,68	328,20	11,00%	328,20	11,00%	
Off-Peak c/kWh	174,23	193,40	11,00%	193,40	11,00%	

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. From a conspectus of the facts and evidence presented to the REC, supporting information, stakeholder inputs and applicable legal framework, it is appropriate to consider and approve JBMLM's tariff application for the 2026/27 financial year, as set out in this reasons for decision document.

End.