NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

King Sabata Dalindyebo Local Municipality

THE DECISION

At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered the King Sabata Dalindyebo 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 this document.

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

1. to approve the tariffs 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. to note the COS study submitted by the Municipality;
3. that the Municipality is required to 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 (NERSA) to perform its independent verification/audit process by 31 January 2027; and
4. that the Municipality must submit quarterly progress reports on the efficiency improvement measures taken to reduce high energy losses and deficits to enable NERSA to monitor the implementation by 30 September 2026.

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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
KSD	King Sabata Dalindyebo 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 annually, in accordance with its mandate 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 King Sabata Dalindyebo Local Municipality (KSD) is the largest of the five municipalities within the OR Tambo District Municipality. It is located in Mthatha in the Eastern Cape. The majority of the Municipality's population resides in rural areas. The details regarding customer statistics are highlighted in Table 1 below. KSD offers 50 kWh of Free Basic Electricity (FBE) per month to all registered indigent consumers.

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

CONSUMER STATISTICS (OBTAINED FROM 2024 -2025 D-FORMS)			
Consumer Classification	**Sales (KWh)**	**%KWh**	**Number of Consumers**
Domestic (Prepaid)	69 772 625	31,41%	30 768
Manufacturing / Industrial	132 498 947	59,65%	274
Commercial (Prepaid)	12 793 328	5,76%	1 661
Commercial (Conventional)	3 515 788	1,58%	92
Street Lighting	2 648 165	1,19%	
Municipal Consumption	883 331	0,40%	21
TOTAL SALES	222 112 184	100,00%	32 816
Free Basic Electricity (FBE)	**948 856**	**1,36%**	**2 223**

1.3. NERSA received KSD's tariff application and its revised cost of supply (COS) study on 30 March 2026 to align to Eskom's revised tariff structure for the 2025/26 financial year, which introduced new cost components and reallocation of existing charges across energy, network and service-related elements.

1.4. The Municipality is applying for an average price increase of 13.8% for the 2026/27 financial year.

1.5. NERSA followed the notice and comment consultation process. On 31 March 2026 NERSA published KSD's tariff application on its website, social media platforms (Facebook, X and LinkedIn) and in national and local newspapers to solicit written comments from affected parties.

1.6. The Energy Regulator's decision was made on 6 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

Background

2.1. 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).

2.2. 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).

2.3. 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.

2.4. 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.

NERSA's Statutory Mandate

2.5. 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 the ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by the ERA. Section 3 of the ERA provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.6. 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.

2.7. 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.

Tariff Determination Principles under the ERA

2.8. When determining or approving electricity tariffs, the Energy Regulator must apply the principles contained in section 15(1) of the ERA.

2.9. 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.

2.10. These statutory requirements form the core legal principles guiding the determination of electricity tariffs within the South African electricity supply industry.

Administrative Law Requirements

2.11. 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.

2.12. 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.

Policy Framework: Electricity Pricing Policy (2008)

2.13. In addition to the statutory framework, the Energy Regulator must have regard to the Electricity Pricing Policy (EPP). The EPP establishes national policy principles for electricity tariff setting, including cost reflectivity, transparency, economic efficiency and equity.

2.14. 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.

2.15. 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.

Cost of Supply Studies

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

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

2.18. 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.

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

Judicial Oversight of the Tariff Approval Process

2.20. 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.

2.21. 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.

2.22. 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.

2.23. NERSA subsequently launched a variation application seeking to vary the timelines set by the Court on 4 December 2025, in light of practical difficulties that arose regarding 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.

Court-Directed Timelines

2.24. 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.

2.25. 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.

Conclusion

2.26. The determination of municipal electricity tariffs by the Energy Regulator must 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).

2.27. The reasons that follow in this 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 assessing the financial and technical performance of KSD, NERSA relied on the 2024/25 Distribution forms' (D-forms) information provided in analysing the Licensee's tariff application. The D-forms' information was validated by NERSA against the relevant documents submitted by the municipality (i.e. the trial balance/annual financial statement [AFS]). Hence, the information provided in the D-forms is considered reasonable for the analysis of the tariffs.

3.2. The analysis of KSD's two-year financial and operational performance indicates a notable improvement in overall financial health, supported by strong revenue growth and enhanced technical efficiency. Total income increased by 16.2% (R632.4 million to R734.9 million), primarily driven by higher electricity sales and a significant rise in other income streams. This growth outpaced the 12.0% increase in total expenditure, resulting in a turnaround from a deficit of R12.1 million in 2023/24 to a surplus of R13.0 million in 2024/25.

3.3. Operationally, the utility achieved a slight reduction in distribution losses from 15.03% in the 2023/24 financial year to 13.57% in the current financial year. This improvement reflects enhanced technical and commercial efficiency, contributing directly to revenue protection and improved cost recovery.

Table 2: Performance indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	1,77%	-1,91%
Percentage Energy Losses	13,57%	15,03%

3.4. Current losses of 13.57% are far above acceptable norms and materially erode financial sustainability. If losses were capped at 12%, the municipal surplus would have increased from 1.77% to 2.86%, thereby improving net revenue by approximately R39.671 million, as shown in Table 3 below. The cost-plus methodology does not reward inefficiency; instead, it clearly signals that operational improvements are essential for financial recovery. Tariff approvals alone cannot restore viability without parallel loss-reduction interventions.

Table 3: Energy loss analysis

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	203,87		
Sales kWh	222 112 183,74	226 151 617,12	241 571 045,56
Purchases kWh	256 990 474,00	256 990 474,00	256 990 474,00
Losses kWh	34 878 290,26	30 838 856,88	15 419 428,44
Losses percentage	**13,57%**	**12,00%**	**6,00%**
Additional Energy (kWh)		4 039 433,38	19 458 861,82
Additional Revenue (Rands)		8 235 192,83	39 670 781,59
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Total Revenue (Rands)	R 734 856 602,00	R 743 091 794,83	R 774 527 383,59
Total Expenses (Rands)	R 721 866 003,00	R 721 866 003,00	R 721 866 003,00
Net Profit (Loss)	R 12 990 599,00	R 21 225 791,83	R 52 661 380,59
Percentage Surplus/Deficit	**1,77%**	**2,86%**	**6,80%**

3.5. Based on the above information, while the utility is on a positive recovery trajectory, maintaining financial sustainability will depend on disciplined cost management, continued efficiency gains and careful regulatory oversight.

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

4.1. The process that the Energy Regulator followed in considering and approving KSD's tariff application was supported by a COS study.

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

4.3. The figure below details the five steps considered in the determination of the COS study.

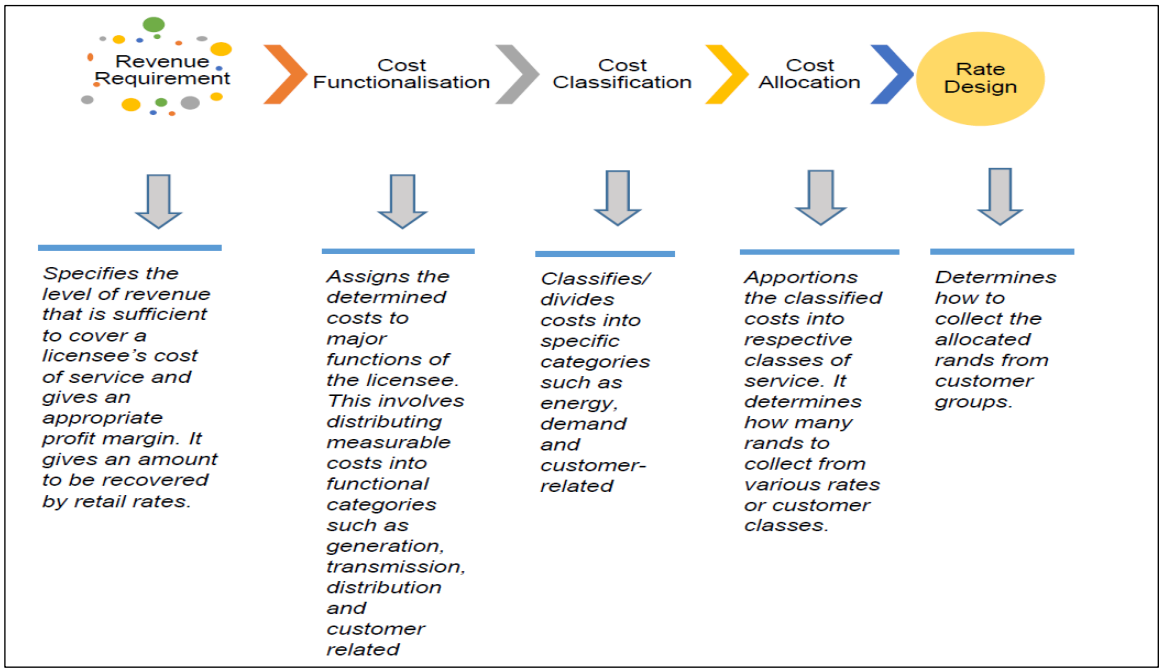


Figure 1: Fives steps of COS study

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

Revenue Requirement

4.4.1. In order to be fully cost-reflective, the Licensee's revenue requirements are R818.967 million for the 2026/27 financial year. This revenue requirement is predominantly Eskom purchases, accounting for 83%, including an energy loss allowance. Operational expenditure accounts for 11%.

Table 4: Revenue requirement components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	170 637 235	740 519 197	818 967 498	100%
Energy purchases from Eskom - net of cost of losses	-	587 827 099	587 827 099	72%
Energy purchases from Eskom - cost of losses	49 194 627	38 741 163	87 935 790	11%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	60 166 472	32 022 462	92 188 934	11%
Other revenues	**- 8 933 132**	**- 14 502 783**	**- 23 435 915**	**-3%**
Surplus	10 042 797	64 408 794	74 451 591	9%

4.4.2. The efficiency of costs in the 2024/25 financial year has been assessed, as this is the most recent set of actual audited data. This assessment forms the basis for projecting costs for the 2026/27 financial year using assumptions to calculate revenue requirements for that year.

4.4.3. Furthermore, NERSA has verified all expense items included in the revenue requirements to ensure that they relate only to the electricity function of the Licensee. Where expenses are deemed inflated or unjustified, they have been adjusted accordingly and expanded below.

Bulk Purchases

4.4.4. The Licensee applied for a bulk purchase expenditure of R675.762 million, which accounts for 83% of the total costs. Bulk purchases were verified against the 2024/25 Eskom invoices.

4.4.5. In order to get to the 2026/27 estimation, the 2025/26 COS amount was adjusted by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.4.6. NERSA is satisfied that the approach taken by the Licensee to forecast bulk purchases is reasonable. As a result, this cost has been recommended for approval as applied for.

Operational Expenditure

4.4.7. The Municipality applied for operational expenditure of R92.189 million, representing 11% of the total costs for the 2026/27 financial year, as shown in Table 5 below.

Table 5: Operating expenditure

Cost Drivers	2024/25FY Actuals	2025/26FY Budgeted	2026/27FY Applied	NERSA Adjustment	2026/27FY Recommended
General Costs and Other	**R187 765 712**	**R85 542 976**	**R88 451 437**		**R88 451 437**
Salaries and Allowances	R10 611 638	R13 106 797	R13 552 428	0	R13 552 428
Materials and supplies	R30 634 080	R13 848 330	R14 319 173	0	R14 319 173
Contracted services	R23 626 177	R7 970 650	R8 241 652	0	R8 241 652
Salaries, wages and allowances (exclu. R&M)	R26 647 233	R28 587 199	R29 559 164	0	R29 559 164
Payments to consultants	R1 094 622	R1 150 000	R1 189 100	0	R1 189 100
Eskom debts interest	R33 209 896			0	
Current year Depreciation	R10 074 715	R20 880 000	R21 589 920	0	R21 589 920
NMD exceedance penalties	R51 867 351			0	
Shared OPEX	**R2 511 974**	**R3 614 600**	**R3 737 496**		**R3 737 496**
Bad debts (Allowance for Impairments)					
General expenses	R2 511 974	R3 614 600	R3 737 496		R3 737 496
Total OPEX	**R190 277 686**	**R89 157 576**	**R92 188 934**		**R92 188 934**

4.4.8. The difference between contracted services and consultants is mainly based on the nature and purpose of the service provided.

4.4.9. Contracted services (Payments) refer to services outsourced to external service providers to perform operational or technical functions on behalf of the Municipality. These are usually ongoing or project-based services, e.g. meter reading, security services, maintenance work, revenue collection, information technology (IT) support and grass-cutting.

4.4.10. Payments to consultants (operational work) refer to payments made to professional experts or specialists who provide advisory, technical, analytical, or professional support services. Consultants usually provide expertise rather than perform routine operational functions, e.g. engineers, financial advisers, legal consultants, tariff or COS specialists, auditors and project management consultants.

Surplus

4.4.11. The Licensee applied for a surplus of R74.451 million, representing 9% of the allowable revenue requirement. The applied surplus margin as reflected in Table 4 of the revenue requirement, was benchmarked against the target range of 10% to 20% in the approved NERSA COS Framework.

4.4.12. To ensure that the surplus is not excessive or detrimental to consumers and it commensurate with risk, NERSA relied on section 15(1)(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.

4.4.13. In applying this provision together with the COS methodology, NERSA must ensure that the licensee recovers costs incurred efficiently and prudently, including a reasonable return, while preventing excessive compensation.

4.4.14. NERSA is satisfied that the surplus applied for by KSD is reasonable and supports the financial sustainability of the electricity business, Therefore, the applied surplus is considered modest and reasonable having regard to the relevant risk factors, including ageing infrastructure, financial stability requirements, and customer affordability constraints. This is particularly so in the context of a municipal electricity distributor, which, while not operating on a profit-maximising basis, is nonetheless required to maintain financial sustainability and operational viability.

4.4.15. It is therefore recommended that the Energy Regulator approve the allowable revenue as set out in Table 4 above. This revenue is then used in the subsequent steps of cost functionalisation, classification, allocation, and rate design. These steps were verified to be consistent with the approved revenue requirement and are discussed belowhas therefore approved the revenue requirement as submitted.

Cost Functionalisation

4.4.16. The Licensee has categorised its revenue requirements of R818 967 000 into two main functions: wires (13%) and retail business (87%). This is in line with the NERSA COS Framework, as demonstrated in Figure 2 below.

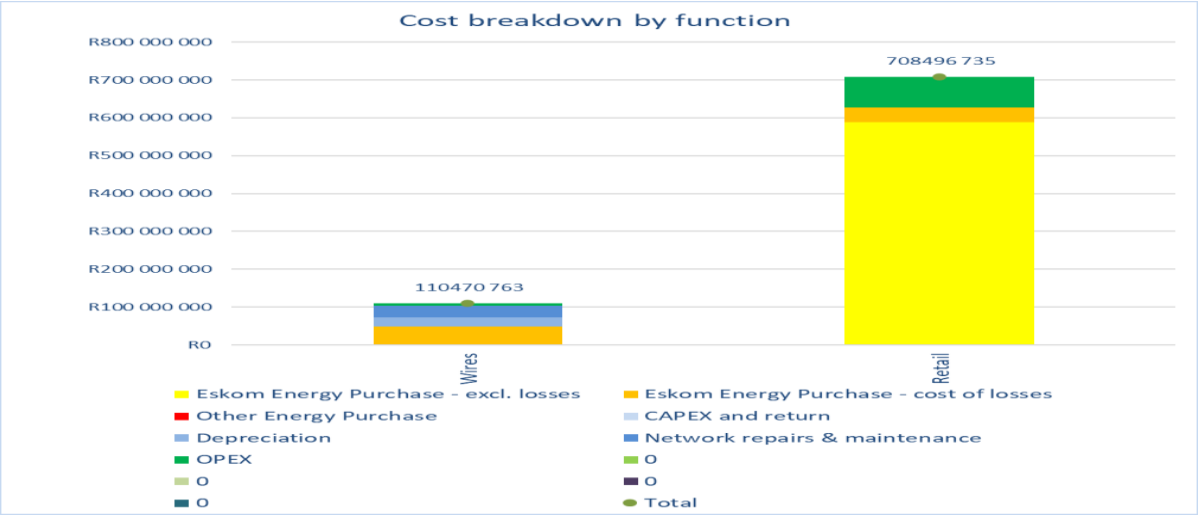


Figure 2: Cost breakdown by functions

4.4.17. These costs align with revenue requirements upon verification. Network repairs and maintenance dominate the wires business, while energy purchases are the primary cost driver for the retail business.

Cost Classification

4.4.18. The Licensee classified its costs into energy, demand and customer-related costs, in line with the NERSA COS Framework. The costs align with revenue requirements and cost functionalisation upon verification.

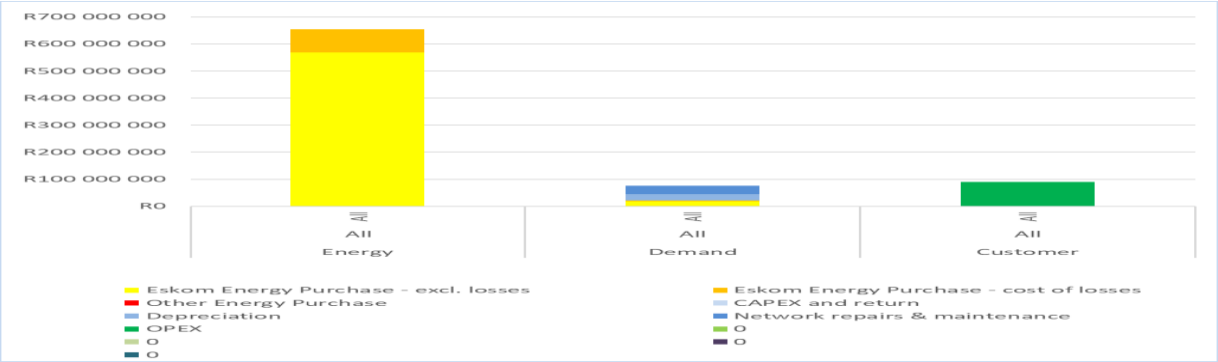


Figure 3: Cost breakdown by cost structure (classification)

4.4.19. Energy purchases constitute energy-driven costs, with the highest expenses occurring during summer under standard time of use, mainly because summer spans a larger portion of the year. Demand-driven costs are also predominantly incurred in summer. Customer-driven costs are primarily attributed to 'Other OPEX', which includes expenses associated with providing electricity distribution services to customers.

Cost Allocation

4.4.20. In this step, the Licensee's revenue requirements are allocated between customer categories, in line with the NERSA COS Framework. The costs align with revenue requirements, cost functionalisation and cost classification upon verification.

4.4.21. All shared municipal costs were ring-fenced and strictly allocated to the electricity distribution function using the D-form cost allocation methodology, consistent with COS requirements. Verification against the trial balance and audited AFS confirmed that only electricity-related costs were included in the revenue requirement.

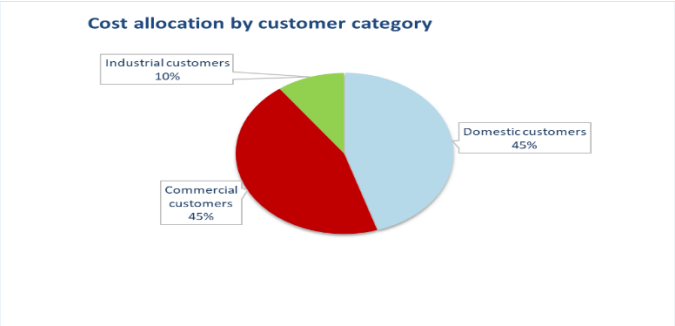


Figure 4: Costs allocated

Rate Design

4.4.22. Figure 5 below indicates the outcome of the COS study, showing that tariffs for certain customer categories should increase while others should decrease. Comparing these costs to the income per tariff category reveals the over- or under-recovery per tariff category, as shown in Figure 5 below. To achieve full cost reflectivity, the Municipality must increase tariffs across customer categories, as demonstrated in Figure 5 below.

4.4.23. The initial COS results indicated an average increase of 19.9% (R866 044 807) for the municipality to achieve full cost reflectivity. The proposed increase was a 16.0% (R837 911 099), as shown in the first graph of Figure 6 (a). However, after extensive scrutiny of the costs, consultation with the Municipality and taking stakeholder comments into account, the Municipality further revised its COS study, which now reflects a lower increase of 13.8%, to achieve full cost reflectivity, which is also a proposed increase across customer categories, reflected in the second graph of Figure 6 (b).

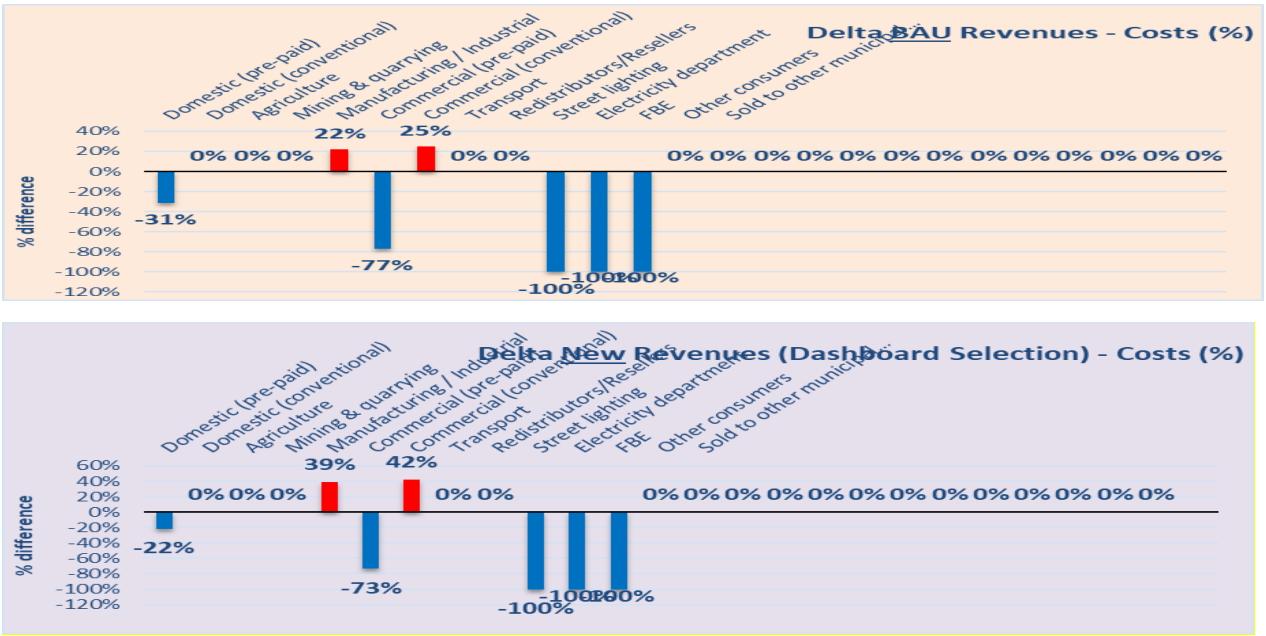


Figure 5: Revenue recovery by customer category

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4. Commercial Prepayment Tariff 3 (Small) & Tariff 4 (Big)	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase
Tariff Blocks	c/kWh	13,80%	c/kWh	c/kWh	13,80%
Energy Charge: c/kWh	438,25	13,80%	498,73	498,73	13,80%

5. Commercial Conventional IP (40A - 80A)	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase
Tariff Blocks	c/kWh	13,80%	c/kWh	c/kWh	13,80%
Energy Charge: c/kWh	362,35	13,80%	412,35	412,35	13,80%
Basic Charge (R/month)	814,05	13,80%	926,39	926,39	13,80%

6. Commercial Conventional 3P (40A - 80A)	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase
Tariff Blocks	c/kWh	13,80%	c/kWh	c/kWh	13,80%
Energy Charge: c/kWh	412,59	13,80%	469,53	469,53	13,80%
Basic Charge (R/month)	814,05	13,80%	926,39	926,39	13,80%

7. Large Power Users ≤100kVA	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase
Tariff Blocks	c/kWh	13,80%	c/kWh	c/kWh	13,80%
Energy Charge: c/kWh	197,55	13,80%	224,81	224,81	13,80%
Basic Charge (R/month)	2 822,68	13,80%	3212,21	3212,21	13,80%
Demand Charge (R/kVA)					
Network Demand Charge	576,69	13,80%	656,27	656,27	13,80%
Network Access Charge	42,86	13,80%	48,77	48,77	13,80%

8. Large Power Users ≥100kVA	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase
Tariff Blocks	c/kWh	13,80%	c/kWh	c/kWh	13,80%
Energy Charge: c/kWh	141,19	13,80%	160,67	160,67	13,80%
Basic Charge (R/month)	2 473,35	13,80%	2814,67	2814,67	
Demand Charge (R/kVA)					13,80%
Network Demand Charge	600,33	13,80%	683,18	683,18	13,80%
Network Access Charge	42,86	13,80%	48,77	48,77	13,80%

Analysis and Key Findings for Domestic Customers

8.1. Following stakeholder consultation and a detailed review of the cost-of-service inputs, the municipality revised the initially proposed average tariff increase from 16% to 13.8%, resulting in a revenue requirement of R819 206 million, down from the initially overstated revenue of R837 911 million. This adjustment was necessitated by the correction of certain data assumptions in the original model and reflects an improved alignment between the revenue requirement and the underlying cost drivers. The revised increase remains consistent with the principle of full cost reflectivity, ensuring that the municipality

is able to recover the efficient cost of service provision while maintaining financial sustainability.

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered KSD's application, supporting information, stakeholder inputs and applicable legal framework, approves the tariff adjustments, as set out in these reasons for decision document.

End.