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

Metsimaholo Local Municipality

THE DECISION

1. At its meeting held on 27 May 2026, the Regulator Executive Committee (REC) considered Metsimaholo 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 (Page 17-18) below.

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

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

   2.2. to note the COS report 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 (NERSA) to perform its independent verification/audit process by 31 January 2027.

   2.4. The Municipality is required to submit a quarterly smart efficiency plan with improvement measures identified in reducing high energy losses and submit it by 30 September 2026.

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ABBREVIATIONS

A	amp
AFS	annual financial statements
CAPEX	Capital Expenditure
COS	Cost of Supply
CPI	Consumer Price Index
D-form	distribution form
EPP	Electricity Pricing Policy
ERA	Electricity Regulation Act
ERTSA	Eskom's Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
FY	financial year
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
NMD	Non-Maximum Demand
NPC	Non-Profit Company
OPEX	Operating Expenditure
PAJA	Promotion of Administrative Justice Act
RAB	Regulatory Asset Base
REC	Regulator Executive Committee
RfD	Reasons for Decision
ROR	rate of return
TOU	time-of-use

1. INTRODUCTION

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

1.2. Metsimaholo Local Municipality is a licensee in the Free State province. The domestic customers are dominant, accounting for 57.66% of total sales of 171 030 MWh, while industrial customers account for 26.35% of total sales.

Table 1: Customer base and consumption

Customer categories	*2024/25*			
	kWh	***%kWh***	***Customer numbers***	***% customer numbers***
Domestic (prepaid)	87 895 748	51.39%	31 511	89.68%
Domestic (conventional)	10 731 390	6.27%	1 730	4.92%
Manufacturing/Industrial	45 065 256	26.35%	10	0.03%
Commercial prepaid	6 321 274	3.70%	632	1.80%
Commercial conventional	17 329 410	10.13%	1 079	3.07%
Street lighting	99 198	0.06%	0	0.00%
Sold to other departments	1 739 290	1.02%	38	0.11%
Other consumers	1 848 434	1.08%	136	0.39%
TOTAL	**171 030 000**	**100%**	**35 136**	100.00%
Free Basic Electricity	**4 542 600**	**5.17%**	**7 571**	21.55%

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

1.4. Metsimaholo implemented a 12.70% average price increase in 2025/26FY and is applying for an average price increase of 9% for the 2026/27FY.

1.5. In accordance with NERSA requirements, all tariff applications must include confirmation that the proposed tariffs have been approved by the municipal council and have undergone customer consultation.

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

1.7. NERSA's decision was made on 9 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1. The approval of Municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives and court orders. The principal legal instruments governing the exercise of this

regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004; NERA), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended (ERA), the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000; PAJA) and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 (EPP).

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

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

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

2.2. Statutory Mandate of the Energy Regulator

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

2.2.2. In particular:

- Section 4(a)(i) of ERA provides that the Energy Regulator must consider applications for licensees and may issue licensees subject to conditions.
- Section 4(a)(ii) of ERA provides that the Energy Regulator must regulate prices and tariffs.
- Section 14(1)(d) of ERA authorises the Energy Regulator to impose license conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

2.2.3. Municipalities distributing electricity do so under electricity distribution licences issued by the Energy Regulator and are therefore subject to the tariff approval framework established under ERA.

2.3. Tariff Determination Principles under ERA

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

2.3.2. Section 15(1) provides that the Energy Regulator:

- must enable an efficient licensee to recover the full cost of the licensed activity;
- must allow for a reasonable return commensurate with the risk of the licensed activity;
- may provide incentives for continued improvement of technical and economic efficiency;
- must avoid undue discrimination between customer categories;
- may permit cross-subsidies of tariffs to certain classes of customers; and
- may have regard to the need to ensure security of supply, diversity of supply and the promotion of renewable energy.

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

2.4. Administrative Law Requirements

2.4.1. The approval of municipal electricity tariffs constitutes administrative action as defined in section 1 of PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable and procedurally fair as required by sections 3 and 6 of PAJA. Procedural fairness requires that affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

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

2.5. Policy Framework: Electricity Pricing Policy (2008)

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

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

2.5.3. Policy Position 2 states that electricity tariffs must 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 COS methodologies have historically not been consistently applied across the electricity distribution industry.

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

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

2.7. Judicial Oversight of the Tariff Approval Process

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

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

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

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 they relate to NERSA's compliance with the court order. Having heard NERSA's application, the Court granted the variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

2.8.1. The applicable timelines for the 2026/27 municipal tariff approvals are:

- written notice of bulk tariffs by 6 March 2026;
- municipal tariff applications to be submitted by 31 March 2026;
- public participation processes to be concluded by 21 April 2026; and
- NERSA decisions to be published by 11 May 2026.

2.8.2. From 2027/28, municipal tariff approvals must comply with the following:

- written notice of bulk electricity tariffs to be communicated by 31 January each year;
- municipal tariff applications to be submitted to NERSA by 20 March each year; and
- municipal tariff approvals and the tariff RfD document to be approved and published by 5 May of each year.

2.9. **Conclusion**

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

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

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Metsimaholo Local Municipality, the assessment relied on the distribution forms (D-forms) for the 2024/25FY 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 Audited Financial Statements (AFS). As a result, the data captured in the D-forms is considered reliable for the purposes of the tariff analysis.

3.2. Metsimaholo's electricity business operated at a surplus of 12.82% in the 2024/25FY, reflecting an improvement from the 1.09% surplus recorded in the 2023/24FY. This positive trend reflects enhanced revenue generation and improved financial management practices.

Table 2: Performance indicators

Performance indicators: Obtained from the D-forms		
Indicators	**2023/24**	**2024/25**
Percentage Surplus (Deficit)	1.09%	12.82%
Percentage energy Losses	15.00	14.54

3.3. Metsimaholo Local Municipality's energy losses amounted to 14.54% in the 2024/25FY compared to 15.00% in the 2023/24FY.

3.4. High energy losses are due to network inefficiencies (technical), illegal connections and meter bypassing. The total revenue foregone as a result of energy losses in the 2024/25FY amounted to R86 million.

Table 3: *Energy Loss Analysis*

	Energy Loss @12%	**Energy Loss @6%**
Input Figures:	**2024/25 Actual**	**2024/25 Actual**
Total kWh purchases (kWh)	200 129 911	200 129 911
Total kWh sold (kWh)	171 030 000	171 030 000
Unacceptable energy losses (kWh)	25 607 922	27 353 917
Average selling price (c/kWh)	337.42	337.42
Energy losses (R)	**86 407 163**	**92 298 561**
% surplus	**24%**	**25%**

3.5. The licensee reported that these high losses are attributed to the following:
- illegal consumption and/or power theft;
- fraudulent acts, e.g., meter tampering, meter faults;
- cable theft;

3.6. The municipality is also engaged in efforts to put educational programs in place to inform communities about electricity theft, and

3.7. Employees are continuously trained in accurate billing and metering as part of efforts to curb energy losses

3.8. Overall, while the entity is on a path toward improved financial sustainability, continued focus on revenue enhancement and further reduction of energy losses will be critical in strengthening both financial viability and operational efficiency in the future.

4. DETERMINATION OF METSIMAHOLO'S TARIFFS BASED ON COS-ADJUSTED DATA

4.1. The municipality submitted its existing COS study which supports the tariffs application which will be approved in the 2026/27FY. The municipality's COS study was inclusive of all requirements of NERSA's approved COS framework (i.e. Revenue Requirement, Costs Functionalisation, Costs Classification, Costs Allocation and Rate Setting).

4.2. Policy Position 23 states:

Electricity distributors shall undertake COS studies at least every five years, but at least when significant licensee structure changes occur, such as in customer base, relationships between cost components and sales volumes. This must be done according to the approved NERSA standard to reflect changing costs and customer behaviour. The cost-of-service methodology used to derive tariffs must accompany applications to the regulator for changes to tariff structures.

4.3. Section 18.7 of the October 2023 NERSA-approved COS Framework states:

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 4 below was developed. 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 AFS.

ii) Column 2 is for the 2025/26 revenues and electricity volume that are the base for 2026/27 tariffs. The figures were tested for reasonableness (since at the time of the approval, the figures were estimates) when the Regulator considered and approved the 2026/27 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 2026/27FY 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 total the allowable revenues the licensee must recover in 2026/27FY.

4.5. The total allowable revenue of R574 727 142 is for the 2025/26FY tariff review and is based on the COS revenue and the volumes used to determine the tariffs that were approved by the Energy Regulator, as shown in Table 4 below.

4.6. The COS study is applicable for five years; however, municipalities need to reflect the adjustments on their cost drivers for the 2026/27FY. NERSA used the budgeted figures submitted by the licensee to check the reasonableness as well as the licensee's current operational requirement to ensure that municipalities do not over- or under-recover during the 2026/27FY tariff review process.

4.7. To determine an increase applicable for the 2026/27FY, the licensee submitted its 2026/27FY cost (budgeted cost plus surplus) as requested by NERSA, and total budgeted required revenue that amounted to R626 million for the 2026/27FY tariff review process.

Table 4: Municipality's Revenue Requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	171 030 000	188 133 000	216 352 950	-	216 352 950
Eskom bulk purchases	kWh	200 355 452	225 800 594	246 122 648	-	246 122 648
Total Energy Requirements	**kWh**	**200 355 452**	**225 800 594**	**246 122 648**		**246 122 648**
Total Losses	kWh	29 325 452	37 667 595	29 769 698		29 769 698
Technical losses	kWh	24 042 654	27 096 071	29 534 718	-	29 534 718
Non-technical losses	kWh	-5 282 798	-10 571 523	-234 981	-	-234 981
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**		**12,00%**
Total Energy losses	%	14,64%	16,68%	12,10%		12,10%
Cost drivers						
Energy purchases from Eskom	Rand	417 962 637	471 043 892	513 437 842	-	513 437 842
other energy purchases			-	-	-	-
total energy purchases		**417 962 637**	**471 043 892**	**513 437 842**	**0**	**513 437 842**
Cost of technical losses	Rand					
Non-Technical Losses						
Other energy purchases	Rand				-	-
Capital expenditure	Rand				-	-
Operational expenditure (incl. Dep	**Rand**	**81 507 114**	**62 177 140**	**66 782 915**	**0,0**	**66 782 915**
General & Other	0	80 071 131	60 669 358	63 702 826	0	63 702 826
Salaries and allowances	Rand	15 121 609	15 877 690	16 671 574	0	16 671 574
Materials and supplies	Rand	31 591 397	22 170 967	23 279 515	0	23 279 515
Contracted Services	Rand	1 356 281	1 424 095	1 495 300	0	1 495 300
Salaries, wages and allowances (exclu. Repa	Rand	15 121 609	15 877 690	16 671 574	0	16 671 574
Payments to consultants (operational work)	Rand				0	0
Eskom debts interest	Rand				0	0
Current year depreciation	Rand	5 065 635	5 318 917	5 584 863	0	5 584 863
NMD exceedance penalties	Rand	11 814 600			0	0
Shared OPEX	Rand	1 435 982	1 507 781	3 080 089	0	3 080 089
Bad debts (Allowance for Impairment)	Rand	258 771	271 710	298 881	0	298 881
General expenses		**1 177 211**	**1 236 071**	**1 297 875**	**0**	**1 297 875**
		499 469 751	533 221 032	580 220 757	0	580 220 757
Surplus	Rand	49 946 975	53 322 103	58 022 076	0	58 022 076
Total Expenditure Including Surplus		549 416 726	586 543 135	638 242 833	0	638 242 833
Other revenues	Rand	**-11 151 720**	**-11 815 993**	**-11 746 054**	**0**	**-11 746 054**
Total Allowable Revenus	**Rand**	**538 265 006**	**574 727 142**	**626 496 779**	**0**	**626 496 779**
Increase required				*9,01%*	*9,01%*	

Sources: Approved Revenue (FY 2024/25) / Budget (FY 2025/26)

4.8. It is important to test the efficiency and prudency of the costs in the 2025/26FY since these are the most recently considered revenues in support of the approved tariffs during this period. This forms the basis on which costs for the 2026/27FY will be projected using assumptions to calculate revenue requirements for that year.

4.9. Furthermore, NERSA has verified all expense items included in the revenue requirement to ensure that they relate only to the electricity function of the licensee. In instances where expenses are deemed inflated or unjustified, these have been adjusted accordingly.

Bulk purchases

4.10. Metsimaholo applied for a bulk purchase expenditure of R513.4 million, which accounts for 74% of total costs, inclusive of the 6% energy loss allowance in line with the act that requires only the prudently and efficiently incurred cost to be passed through to customers.

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

4.12. The methodology applied by Metsimaholo in forecasting bulk purchase costs is deemed reasonable. Accordingly, the bulk purchase expenditure has been recommended for approval as submitted.

Operating Expenditure (including depreciation)

4.13. The licensee applied for operational expenditure including depreciation R66.8 million as highlighted in Table 4 above.

4.14. The municipality adjusted the expenditure linked to the 2025/26FY tariffs, increasing it from R62.1 million to a budgeted amount of R66.8 million, reflecting an 11% increase in costs.

4.15. The municipality reported an asset value of R226 874 341, as reflected in its submitted audited AFS for the 2024/25FY.

4.16. Depreciation amounted to R5 065 635 in the 2024/25FY. The projected depreciation for 2025/26FY is R5 318 917, increasing to R5 584 863 in the 2026/27FY budget.

Surplus

4.17. The municipality applied a cost-plus methodology and not a rate of return (ROR) approach. Accordingly, no Regulatory Asset Base (RAB) was required or utilised in determining the revenue requirement. Under the cost-plus methodology, the allowable revenue is derived as follows:

- efficient and prudent operating expenditure (OPEX);
- plus depreciation (as a proxy for asset consumption and future replacement);
- plus a reasonable surplus margin.

4.18. The licensee applied for a surplus of R58 million, which is based on a 9% return on OPEX, including bulk purchases. Should the municipality maintain prudent cost control, the surplus could improve to a financially sustainable level within the range of 10% to 20%.

4.19. To ensure that the surplus is not excessive or detrimental to consumers, verification was undertaken by benchmarking the applied surplus margin of 9% against the established target range of 10% to 20%, in line with the approved NERSA COS framework, EPP Policy Position 1, D-form and the trial balance.

4.20. Although the return proposed by the municipality falls below the established target range of 10% to 20%, it is considered reasonable.

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Table 5: Schedule of tariffs

Domestic conventional						
Summer						
Tariff blocks	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recommended**	**Recommended % increase**	**Analysis and Key Finding**
Block 1 (0 - 50 kWh)	1.90	9.00%	2.07	2.07	9.00%	
Block 2 (51 - 350 kWh)	2.47	9.00%	2.70	2.70	9.00%	
Block 3 (351 - 600 kWh)	3.48	9.00%	3.79	3.79	9.00%	
Block 4 (> 600 kWh)	4.02	9.00%	4.38	4.38	9.00%	
Winter						
Tariff blocks						N/A
Block 1 (0 - 50 kWh)	2.00	9.00%	2.18	2.18	9.00%	
Block 2 (51 - 350 kWh)	2.72	9.00%	2.97	2.97	9.00%	
Block 3 (351 - 600 kWh)	4.10	9.00%	4.47	4.47	9.00%	
Block 4 (> 600 kWh)	4.62	9.00%	5.03	5.03	9.00%	
Basic charge(R/month)	R121.25	9.00%	132.159	132.16	9.00%	
Domestic prepaid	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recommended**	**Recommended % increase**	**Analysis and Key Findings**
Summer						
Tariff blocks						
Block 1 (0 - 50 kWh)	1.90	9.00%	2.07	2.07	9.00%	
Block 2 (51 - 350 kWh)	2.47	9.00%	2.70	2.70	9.00%	
Block 3 (351 - 600 kWh)	3.48	9.00%	3.79	3.79	9.00%	
Block 4 (> 600 kWh)	4.02	9.00%	4.38	4.38	9.00%	
Winter			-	-		N/A
Tariff blocks			-	-		
Block 1 (0 - 50 kWh)	2.00	9.00%	2.18	2.18	9.00%	
Block 2 (51 - 350 kWh)	2.72	9.00%	2.97	2.97	9.00%	
Block 3 (351 - 600 kWh)	4.10	9.00%	4.47	4.47	9.00%	
Block 4 (> 600 kWh)	4.59	9.00%	5.01	5.01	9.00%	
Basic charge (R/month)	45.93	9.00%	50.06	50.06	9.00%	
Commercial tariffs	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recommended**	**Recommended % increase**	**Analysis and Key Findings**
Commercial conventional (schools and churches)						N/A
Basic charge(R/month)	408.23	9.00%	444.97	444.97	9.00%	
Energy charge: Summer	3.82	9.00%	4.16	4.16	9.00%	
Energy charge: Winter	4.23	9.00%	4.61	4.61	9.00%	
Commercial conventional (single-phase)	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recommended**	**Recommended % increase**	**Analysis and Key Findings**
Basic charge(R/month)	401.65	9.00%	437.80	437.80	9.00%	
Energy charge: Summer	3.79	9.00%	4.13	4.13	9.00%	N/A
Energy charge: Winter	4.21	9.00%	4.58	4.58	9.00%	
Commercial Conventional (three-phase)	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recommended**	**Recommended % increase**	**Analysis and Key Findings**

Basic charge (R/month)	360.35	9.00%	392.79	392.79	9.00%	N/A
Energy charge: Summer	3.37	9.00%	3.68	3.68	9.00%	
Energy charge: Winter	3.74	9.00%	4.08	4.08	9.00%	
Commercial conventional (four meters)	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recom mended**	**Recommended % increase**	**Analysis and Key Findings**
Basic charge (R/month)	766.10	9.00%	835.05	835.05	9.00%	N/A
Energy charge: Summer	3.83	9.00%	4.17	4.17	9.00%	
Energy charge: Winter	4.25	9.00%	4.63	4.63	9.00%	
Industrial tariffs						
Bulk supply > 50 kVA	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recom mended**	**Recommended % increase**	**Analysis and Key Findings**
Basic charge (R/month)	817.23	9.00%	890.78	890.78	9.00%	N/A
Demand Charge	365.84	9.00%	398.77	398.77	9.00%	
Energy charge: Summer	2.02	9.00%	2.20	2.20	9.00%	
Energy charge: Winter	2.24	9.00%	2.44	2.44	9.00%	
Large power user: 11 kV (Scale 3B)	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recom mended**	**Recommended % increase**	**Analysis and Key Findings**
Basic charge (R/month)	791.79	9.00%	863.05	863.05	9.00%	N/A
Demand Charge:	354.22	9.00%	386.10	386.10	9.00%	
Energy charge: Summer	2.02	9.00%	2.20	2.20	9.00%	
Energy charge: Winter	2.24	9.00%	2.44	2.44	9.00%	
Vacant stand	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recom mended**	**Recommended % increase**	**Analysis and Key Findings**
Basic charge (R/month)	207.66	9.00%	226.35	226.35	9.00%	N/A
Streetlights	**2025/26 approved**	**Proposed % increase**	**2026/27 proposed**	**2026/27 recom mended**	**Recommended % increase**	**Analysis and Key Findings**
Energy charge (c/kWh)	3.70	9.00%	4.03	4.03	9.00%	N/A

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. From an overview of the facts and evidence presented to the REC, it is appropriate to consider and approve Metsimaholo's tariff application for 2026/27FY.

End.