## NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

## Decision and Reasons for Decision (RfD)

In the matter regarding the

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

by

**Ray Nkonyeni Local Municipality**

## THE DECISION

At its meeting held on 8 May 2026, the Regulator Executive Committee (REC) considered the Ray Nkonyeni Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year (FY) the decision is set out on the tariff analysis section 8 on page 23 of the RFD Based on the information submitted and the analysis conducted, the REC decided to:

1. to approve the tariffs that are based on the COS Report as recommended in the tariff analysis section for implementation by the licensee with effect from 1 July 2026;
2. to note the Cost-of-Supply Report submitted by the licensee; and
3. that the licensee must submit a report accounting for all the costs that have been noted in its COS study, to enable NERSA to perform its independent verification/audit process 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 |
| 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 its mandate to regulate prices and tariffs. Municipal tariffs must be approved by NERSA to be implemented on 1 July of each financial year.

1.2. Ray Nkonyeni Municipality is a licensee situated in KwaZulu-Natal. The municipality's area of supply consists of the following towns: Hibberdene, Margate, Port Edward, Port Shepstone and Southbroom.

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

| CUSTOMER STATISTICS | | | |
|---|---|---|---|
| Consumer classification | Sales (MWh) | %MWh | Number of consumers |
| Domestic (Conventional) | 12 628 | 16,37% | 1 832 |
| Commercial (Conventional) | 11 594 | 15,03% | 850 |
| Manufacturing/Industrial | 52 853 | 68,53% | 216 |
| Street Lighting, Own Use and other municipal departments | 44 | 0,06% | N/A |
| Totals | 77 119 | 100% | 2 898 |
| | | | |
| Free Basic Electricity | - | 0,00% | 0 |

1.3. Manufacturing customers account for 68.53% of the municipality's total electricity sales, followed by domestic customers at 31.41%. This is an indication of the licensee's reliance on its industrial customers for revenue

1.4. NERSA received Ray Nkonyeni Municipality's tariff application together with its Cost of Supply (COS) study on 30 March 2026.

1.5. Ray Nkonyeni Municipality implemented a 13.05% average price increase in the 2025/26FY and is applying for an average price increase of 10.05% for the 2026/27FY.

1.6. For this application, the licensee confirmed that the tariffs applied for had been authorised by the Municipal Council, and that it undertook stakeholder consultation with no comments received.

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

1.8. NERSA's decision was made on 8 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

## 2. LEGAL AND REGULATORY FRAMEWORK

### 2.1. Background

2.1.1. The approval of Municipal electricity tariffs constitutes a core regulatory function of NERSA 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 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 (MYPD) and Eskom Retail Tariff and Structural Adjustment 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).

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

2.2.2. In particular:

a) Section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions.

b) Section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs.
c) Section 14(1)(d) of the ERA authorises the Energy Regulator to impose licence conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

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

## 2.3. Tariff Determination Principles under the ERA

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

2.3.2. Section 15(1) provides that the Energy Regulator:
a) must enable an efficient licensee to recover the full cost of the licensed activity;
b) must allow for a reasonable return commensurate with the risk of the licensed activity;
c) may provide incentives for continued improvement of technical and economic efficiency;
d) must avoid undue discrimination between customer categories;
e) may permit cross-subsidies of tariffs to certain classes of customers; and
f) may have regard to the need to ensure security of supply, diversity of supply and the promotion of renewable energy.

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

## 2.4. Administrative Law Requirements

2.4.1. The approval of municipal electricity tariffs constitutes administrative action as defined in section 1 of the PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable and procedurally fair as required by sections 3 and 6 of the 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 NERSA, 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 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 that sought to vary the timelines that had been set by the Court on 4 December 2025, considering the practical difficulties that arose in terms of 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 following timelines are applicable in respect of the 2026/27 municipal tariff approvals:

a) Written notice of bulk tariffs by 6 March 2026
b) Municipal tariff applications must submitted by 31 March 2026
c) Public participation processes to be concluded by 21 April 2026
d) Publication of NERSA decisions 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 tariff approvals and the tariff reasons for the decision document must be approved and published by 5 May of each year.

## 2.9. Conclusion

2.9.1. The determination of municipal electricity tariffs by NERSA 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 2026/2027 municipal financial year.

## 3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Ray Nkonyeni Municipality, the assessment relied on the Distribution forms (D-forms) for the 2024/25 financial year submitted as part of the licensee's tariff application. The information contained in the D-forms was verified against the supporting source documents provided by the municipality, including the trial balance and annual financial statements. As a result, the data captured in the D-forms is considered reliable for the purposes of the tariff analysis.

3.2. Ray Nkonyeni Municipality recorded a percentage surplus of 8.58% in the 2023/24 financial year, which has improved to 10.5% in the 2024/25 financial year.

3.3. Table 2 below shows that Ray Nkonyeni's energy losses improved from 11.98% in the in the 2023/24 financial year to 10.21% in the 2024/25 financial year. The municipality continues to operate its electricity department profitably and maintains its Eskom account.

**Table 2: Performance indicators**

| Outputs: | 2024/25 | 2023/24 |
|---|---|---|
| Percentage Surplus | 10,49% | 4,68% |
| Percentage Energy Losses: | 10,21 | 11,98 |

3.4. Based on the above information, the municipality's performance is satisfactory as they are able to generate a surplus, and the energy losses are low.

## 4. DETERMINATION OF RAY NKONYENI MUNICIPALITY'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

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

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

4.3.

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

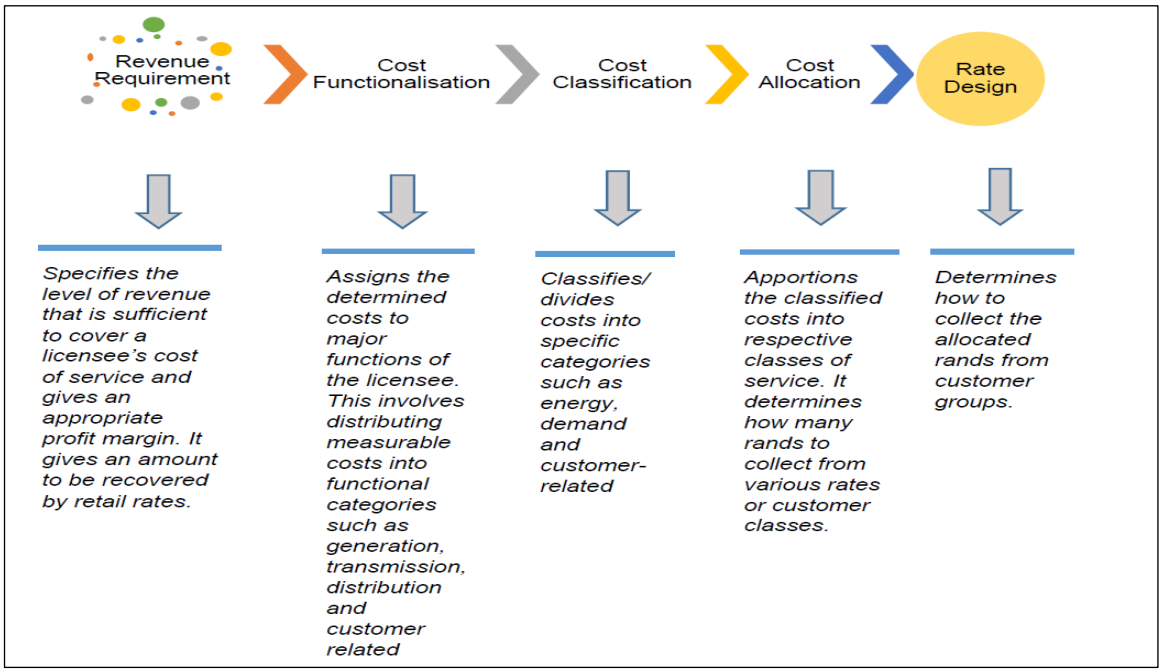



**Figure 1: Five steps of COS**

4.5. Section 18.7 of the COS Framework requires that tariff adjustments:

4.5.1. be informed by cost-of-supply outcomes;

4.5.2. progressively move tariffs towards cost-reflectivity; and

4.5.3. be implemented in a structured and transparent manner, including phased adjustments where required.

4.6. In the Tariff Application, the licensee has considered and applied these requirements as follows:

4.6.1. The tariff application is based on a COS model incorporating financial, technical, and customer data inputs.

4.6.2. Bulk purchase costs were updated using the approved 8.76% Eskom bulk tariff adjustment.

4.6.3. Controllable electricity Operating Expenditure (OPEX) costs were adjusted using CPI-linked assumptions.

4.6.4. Adjustments were supported by source documents and reasonability checks (D-Forms, Trial Balance and AFS).

4.7. This ensures that tariff adjustments are grounded in cost-reflective principles.

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

## Revenue Requirement

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

4.8.2. The licensee applied a cost-plus methodology in the determination of its revenue requirement, and did not utilise a Rate of Return (ROR) approach. Accordingly, no return based on a Regulatory Asset Base (RAB) was determined or applied.

4.8.3. Ray Nkonyeni Municipality submitted a COS study detailing revenue requirements of R211 413 261 for the 2026/27 financial year. As shown in Table 3 below, this revenue requirement is predominantly for Eskom purchases at 83%, including an energy losses allowance. Operational expenditure accounts for 20%.

**Table 3: Ray Nkonyeni Revenue Requirement**

| | Total cost (R) | | | | | |
|---|---|---|---|---|---|---|
| **Revenue Requirement components** | **Wires** | **Retail** | **Applied for 2026/27** | **NERSA Adjustments** | **NERSA Decision** | **% of Total** |
| **Allowable costs** | 48 711 007 | 162 702 253 | 211 413 261 | - | 211 413 261 | 100% |
| Energy purchases from Eskom - net of cost of losses | - | 150 538 688 | 150 538 688 | - | 150 538 688 | 71% |
| Energy purchases from Eskom - cost of losses | 15 135 079 | 5 232 198 | 20 367 276 | - | 20 367 276 | 10% |
| Other energy purchases | - | - | - | - | - | 0% |
| Capital expenditure | - | - | - | - | - | 0% |
| Operational expenditure (incl. Depreciation) | 33 864 436 | 10 718 291 | 44 582 727 | - | 44 582 727 | 21% |
| Other revenues | - 288 507 | - 3 786 924 | - 4 075 431 | - | - 4 075 431 | -2% |
| Surplus | - | - | - | - | - | 0% |
| **Not allowable costs** | - | - | - | - | - | |
| Cost of losses disallowed | - | - | - | - | - | |
| **TOTAL COSTS** | **48 711 007** | **162 702 253** | **211 413 261** | **-** | **211 413 261** | |
| | 23% | 77% | | | | |

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

4.8.5. 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. In instances where expenses are deemed inflated or unjustified, these have been adjusted accordingly and expanded on below.

## Bulk Purchases

4.8.6. Ray Nkonyeni Municipality's COS study projects a bulk purchase expenditure of R170.905 million, which accounts for 83% of total costs when including the

12% energy losses allowance. Bulk purchases were verified against Eskom invoices in the 2024/25 financial year.

4.8.7. The licensee projected its bulk purchases for the 2026/27 financial year using the 2025/26 financial year Eskom tariffs as a base and made the following assumptions: sales growth of 0%, and a bulk purchase cost increase of 9.01% for the 2026/27 financial year, which is in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

## Operational Expenditure

4.8.8. Ray Nkonyeni Municipality's COS study projects operational expenditure totalling R44 582 727, representing 20% of overall costs. Table 4 below provides a breakdown of this expenditure.

**Table 4: Operational expenditure**[1]

| | Actual 2024/25 | Budget 2025/26 | Applied for 2026/27 | NERSA Adjustments | NERSA Decision 2026/27 |
|---|---|---|---|---|---|
| **Network OPEX** | R 28 616 584 | R 30 333 579 | R 31 759 257 | R - | R 31 759 257 |
| Salaries and allowances | R - | R - | R - | R - | R - |
| Materials and supplies | R 58 664 | R 62 183 | R 65 106 | R - | R 65 106 |
| Contracted Services | R 15 232 590 | R 16 146 546 | R 16 905 433 | R - | R 16 905 433 |
| Salaries, wages and allowances (Excl. Repairs and Maintenance) | R 13 213 377 | R 14 006 180 | R 14 664 470 | R - | R 14 664 470 |
| Payments to consultants (operational work) | R 111 953 | R 118 670 | R 124 248 | R - | R 124 248 |
| **Retail OPEX** | R 4 268 327 | R 4 524 427 | R 4 737 075 | R - | R 4 737 075 |
| Interest | R 1 930 661 | R 2 046 501 | R 2 142 686 | R - | R 2 142 686 |
| Bad debts | R - | R - | R - | R - | R - |
| FBE paid to Eskom | R 1 717 399 | R 1 820 443 | R 1 906 004 | R - | R 1 906 004 |
| Operating costs | R 486 043 | R 515 206 | R 539 421 | R - | R 539 421 |
| Operating leases | R - | R - | R - | R - | R - |
| Uniform and protective clothing | R 134 224 | R 142 277 | R 148 964 | R - | R 148 964 |
| **General & Other** | R 7 690 960 | R 7 893 180 | R 8 086 395 | R - | R 8 086 395 |
| Depreciation | R 3 782 216 | R 3 782 216 | R 3 782 216 | R - | R 3 782 216 |
| Inventory consumed | R 3 230 546 | R 3 392 073 | R 3 551 501 | R - | R 3 551 501 |
| Skills development Levy | R 112 394 | R 119 137 | R 124 737 | R - | R 124 737 |
| Toll fees ,travel & subsistence Accomodation | R 32 384 | R 34 327 | R 35 940 | R - | R 35 940 |
| Fuel | R 533 421 | R 565 426 | R 592 001 | R - | R 592 001 |
| **Total** | **R 40 575 872** | **R 42 751 186** | **R 44 582 727** | **R -** | **R 44 582 727** |

4.8.9. The operating expenditure comprises:

4.8.9.1. Network operating expenditure of R31 759 257;

4.8.9.2. General and other expenditure of R8 086 395; and

4.8.9.3. Retail operating expenditure of R4 737 075.

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

[1] COS tool Comm & Fin Forecasts. (Year 2)

**Surplus**

4.8.11. Ray Nkonyeni Municipality's revenue requirement includes a surplus of R0, calculated using a surplus factor of 0% applied to operating expenditure, exclusive of bulk purchases, for both the wires and retail components of the electricity business.

4.8.12. To ensure that the applied surplus is not excessive and remains within acceptable regulatory bounds, the following validation procedures were undertaken:

4.8.12.1. The applied surplus margin of 0% was benchmarked against the 10 to 20% range prescribed in the approved NERSA COS Framework, as supported by the EPP policy position 1.

4.8.12.2. The margin was further assessed against the municipality's risk profile to ensure alignment with the principle of cost reflectivity and financial sustainability.

4.8.13. Risk factors considered include the following:

4.8.13.1. Revenue collection risk, with current collection levels above 95%, reflecting minimum exposure to non-payment.

4.8.13.2. Operational risk, including energy losses of approximately 10.21%, signifying a well-maintained network infrastructure; and

4.8.13.3. Financial sustainability requirements, including the need to maintain adequate cash flows for ongoing operations and infrastructure investment.

4.8.14. Based on the above, the applied surplus margin of 0% is considered conservative, justified and commensurate with the licensee's risk profile, while remaining within the acceptable parameters of the NERSA COS framework. This approach supports the financial viability of the electricity distribution function without imposing undue burden on consumers.

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

4.8.16. In applying the act, NERSA is required to ensure that Ray Nkonyeni Municipality recovers efficient costs and a reasonable return, while preventing excessive compensation. The return proposed by Ray Nkonyeni Municipality is considered reasonable, as it falls within the NERSA COS Framework established target range of 10 to 20%. Consequently, the requested amount has been recommended as applied for.

4.8.17. The recommended revenue requirement will be applied in the subsequent COS steps, namely Cost Functionalisation, Cost Classification, Cost Allocation and Rate Setting. These steps have been verified and confirmed to align with the approved revenue requirement. Further details on these steps are provided below.

## Cost Functionalisation

4.8.18. The licensee has categorised its revenue requirement of R153.4 million into two primary functional components, namely the wires business (5%) and the retail business (95%), in accordance with the NERSA COS Framework, as illustrated in Figure 2 below. On verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

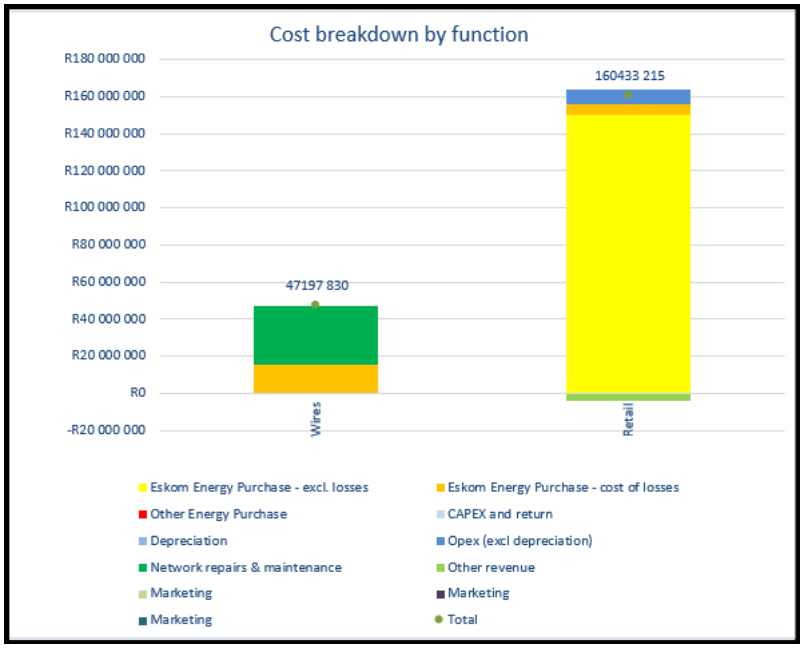



**Figure 2: Costs breakdown by functions**

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

## Cost Classification

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

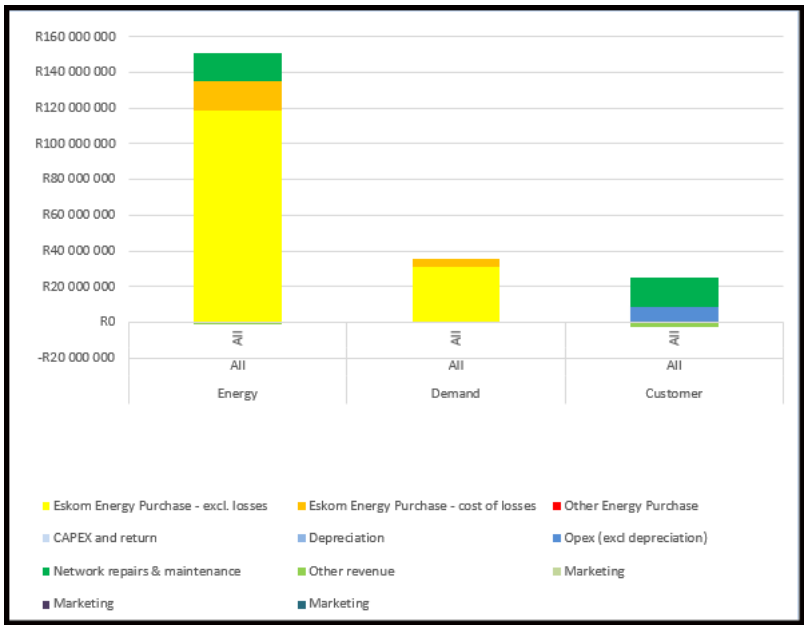



**Figure 3: Cost breakdown by cost structure (Classification)**

4.8.21. Energy purchases constitute energy-driven costs, with the highest expenditure incurred during the summer period under the standard time-of-use structure, largely due to the longer duration of the summer season, as shown in Figure 3 above. Demand-driven costs are similarly concentrated in the summer period. Customer-driven costs are primarily associated with 'Other OPEX', which includes expenses related to the provision of electricity distribution services to customers.

## Cost Allocation

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

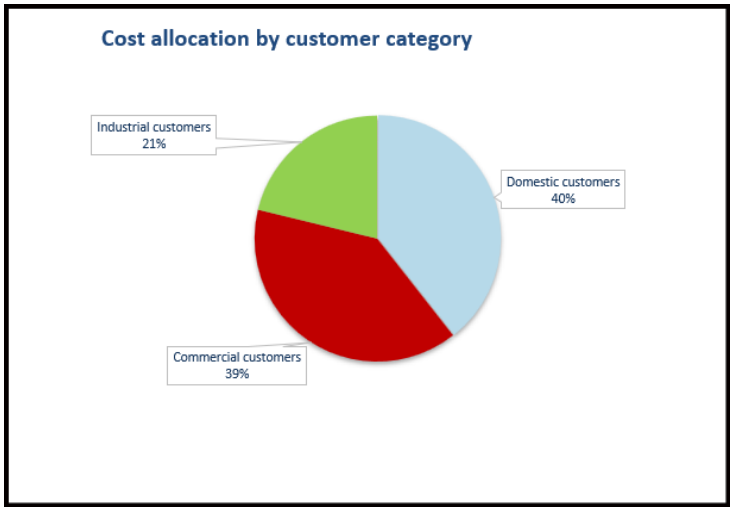


**Figure 4: Costs allocated**

## Rate Design

4.8.23. Table 4 below reflects the outcome of the COS study, indicating that certain customer categories require upward adjustments, while others warrant decreases. A comparison between the cost of supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Table 4 below.

4.8.24. To achieve full cost-reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories. However, the municipality has adopted a less aggressive approach, opting instead for a uniform tariff increase of 10.05% across all customer categories. The municipality has cross-subsidisation within its tariffs; as a result, the municipality will be requested to develop a cross-subsidy framework to ensure that there is fairness and transparency in their cross-subsidisation.

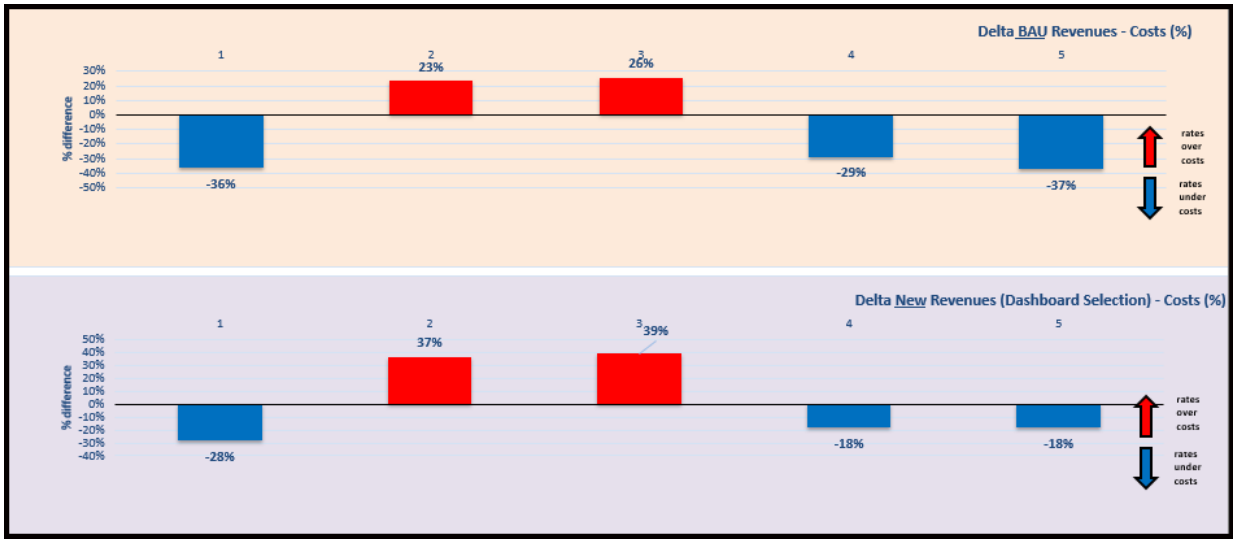



**Figure 5: Revenue Recovery by customer category**

## 5. CONCLUSION ON THE COS

5.1. While the outcome of the COS study may indicate an average tariff adjustment of a certain percentage for a licensee to achieve full cost-reflectivity, a municipality may elect to implement such adjustments on a phased basis, including applying an increase below the COS-derived level.

5.2. This approach may be informed by a range of considerations, including the need to maintain tariff sustainability to support ongoing demand for electricity services.

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| **Business Conventional (151 – 159 Amps)** | ***2025/26 Approved*** | ***2026/27 Proposed*** | **% Increase** | ***Recommended Tariff*** | **% Increase** | ***Analysis and Key Findings*** |
|---|---|---|---|---|---|---|
| o Basic charge: R/amp /month | 32,90 | 36,20 | 10,05% | 36,20 | 10,05% | |
| o Energy charge: c/kWh | 246,39 | 271,15 | 10,05% | 271,15 | 10,05% | |

| **Industrial (160 – 4799 Amps)** | ***2025/26 Approved*** | ***2026/27 Proposed*** | **% Increase** | ***Recommended Tariff*** | **% Increase** | ***Analysis and Key Findings*** |
|---|---|---|---|---|---|---|
| o Basic charge: R/ amps | 32,90 | 36,20 | 10,05% | 36,20 | 10,05% | |
| o Energy charge: c/kWh | 243,22 | 267,66 | 10,05% | 267,66 | 10,05% | |

| **Industrial (160 Amps)** | ***2025/26 Approved*** | ***2026/27 Proposed*** | **% Increase** | ***Recommended Tariff*** | **% Increase** | ***Analysis and Key Findings*** |
|---|---|---|---|---|---|---|
| o Basic charge: R/amp | 50,58 | 55,66 | 10,05% | 55,66 | 10,05% | |
| o Energy charge: c/kWh | 210,25 | 231,38 | 10,05% | 231,38 | 10,05% | |

| **Industrial (>4799 Amps)** | ***2025/26 Approved*** | ***2026/27 Proposed*** | **% Increase** | ***Recommended Tariff*** | **% Increase** | ***Analysis and Key Findings*** |
|---|---|---|---|---|---|---|
| o Capacity charge: R/amp | 50,58 | 55,66 | 10,05% | 55,66 | 10,05% | |
| o Basic charge: R/amp | 877,56 | 877,56 | 0,00% | 877,56 | 0,00% | |
| o Energy charge: c/kWh | 218,33 | 240,28 | 10,05% | 240,28 | 10,05% | |

| **Megaflex** | ***2025/26 Approved*** | ***2026/27 Proposed*** | **% Increase** | ***Recommended Tariff*** | **% Increase** | ***Analysis and Key Findings*** |
|---|---|---|---|---|---|---|
| o Basic charge: /month | 706,22 | 777,19 | 10,05% | 777,19 | 10,05% | |
| o Demand charge: R/kVA | 149,73 | 164,78 | 10,05% | 164,78 | 10,05% | |
| § Reactive Energy Charge: c/kVArh | 32,42 | 35,68 | 10,05% | 35,68 | 10,05% | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Low Season** | | | | | | |
| Peak: c/kWh | 285,87 | 314,60 | 10,05% | 314,60 | 10,05% | |
| Standard: /kWh | 159,92 | 175,99 | 10,05% | 175,99 | 10,05% | |
| Off-Peak: c/kWh | 91,80 | 101,02 | 10,05% | 101,02 | 10,05% | |
| | | | | | | |
| **High Season** | | | | | | |
| Peak: c/kWh | 424,93 | 467,64 | 10,05% | 467,64 | 10,05% | |
| Standard: c/kWh | 178,26 | 196,17 | 10,05% | 196,17 | 10,05% | |
| Off-Peak: c/kWh | 102,04 | 112,29 | 10,05% | 112,29 | 10,05% | |

## 9. CONFIDENTIALITY

9.1. None.

## 10. CONCLUSION

10.1. The Energy Regulator, having considered Ray Nkonyeni Municipality's application, as well as the supporting information, stakeholder inputs and applicable legal framework, approves the tariff adjustments as set out in this Reasons for Decision.

***End.***