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

Stellenbosch Municipality

THE DECISION

At its meeting held on 9 May 2026, the Regulator Executive Committee (REC) considered Stellenbosch 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 the Tariff Analysis Section 6 from page 17 of the RfD document.

Based on the available information, public comments and the analysis performed, the REC, at its meeting held on 9 May 2026, decided:

1. 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;

2. to note the cost information submitted by the municipality; and

3. that the municipality must submit, by 31 January 2027, an audited financial report accounting for all costs that have been noted, to enable the National Energy Regulator of South Africa to perform its independent verification audit.

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ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statement
COS	Cost of Supply
D-form	Distribution form
EPP	Electricity Pricing Policy for the South African Electricity Supply Industry, 2008
ERA	Electricity Regulation Act, 2006
ERTSA	Eskom Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
IPP	Independent Power Producer
LED	Local Economic Development
MFMA	Municipal Finance Management Act, 2003
MTREF	Medium-Term Revenue and Expenditure Framework
NERA	National Electricity Regulation Act, 2004
NERSA	National Energy Regulator of South Africa
NMD	Notified Maximum Demand
OPEX	Operating Expenditure
PAJA	Promotion of Administrative Justice Act, 2000
RCA	Regulatory Clearing Account
SSEG	Small-Scale Embedded Generation
SDBIP	Service Delivery and Budget Implementation Plan
SM	Stellenbosch Municipality

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receives and considers tariff applications on an annual 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. Stellenbosch Municipality (SM) is situated in the Western Cape. The municipality's customer base is predominantly manufacturing, with this category accounting for 54.30% of total electricity sales, followed by the domestic category at 34.07%. SM provides qualifying indigent customers with 100 kWh of Free Basic Electricity (FBE) per month and maintains an indigent register. Details of the municipality's customer statistics are set out in Table 1 below.

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

Customer categories	MWh	% MWh	Customer numbers
Domestic Prepaid	99 601	26.97	33 195
Domestic Conventional	26 225	7.10	3 408
Agriculture	1 830	0.50	106
Manufacturing	200 537	54.30	1041
Commercial Prepaid	12 753	3.45	929
Commercial Conventional	11 213	3.04	816
Other consumers	491	0.13	43
Street Lighting	3 063	0.83	0
Other Departments	13 611	3.69	92
TOTAL	**369 324**	**100.00**	**39 630**
FBE	15 755	12.52	16 634

1.3. NERSA received SM's tariff application on 31 March 2026. The application is based on an existing Cost of Supply (COS) study, valid from the 2024/25 to the 2029/30 financial years.

1.4. SM implemented a 9.95% average price increase in the 2025/26 financial year and is applying for an average price increase of 8.26% for the FY2026/27.

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

1.6. For this application, the municipality confirmed that its council meeting had been held on 5 March 2026. The municipality submitted the council resolution and proof of customer consultation together with the tariff application on 31 March 2026.

1.7. NERSA followed its own public consultation process. On 31 March 2026, NERSA published SM's tariff application on its website, its various social media platforms, as well as in national and local newspapers, to solicit written comments from affected parties by 21 April 2026.

1.8. NERSA's decision was made on 9 May 2026, taking into consideration 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 (the 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 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) (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 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:

- section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions;
- section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs; and
- 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 NERSA 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 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 NERSA 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 of the EPP 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 for the FY2025/26 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 help ensure municipal tariffs are approved on time and in line with the law, the Court issued a structural interdict to guide the 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, considering the practical difficulties which arose as they relate 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 FY2026/27 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:

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

2.8.2. Municipal tariff approvals from the FY2027/28 shall comply with the following timelines:

- Written notice of bulk electricity tariffs must be communicated by 31 January each year.
- Municipal tariff applications must be submitted to NERSA by 20 March each year.
- Municipal tariff approvals and the tariff reasons for 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 the Energy Regulator must therefore be undertaken within a comprehensive regulatory framework comprising 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 stated in this document demonstrate how NERSA 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 of SM, 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 (AFS). As a result, the data captured in the D-forms is considered reliable for the purpose of the tariff analysis.

3.2. SM's electricity business operated at a surplus margin of 11.93%[1] in the 2024/25 financial year, resulting in nominal growth from 10.01% in the 2023/24 financial year. The upturn in surplus margin can primarily be attributed to the licensee's robust revenue growth at 19.58%, coupled with a 12.21% increase in the municipality's credit collection rate; both indicators which offset total expenditure escalations at 18.63% during the reporting period. Substantial growth in 'other income' revenue streams also played a positive role in closing the cost pressure gaps that the municipality was facing. Nonetheless, this position is still considered sustainable in the short term.

3.3. Table 2 below shows that SM's energy losses notably optimised from 7.89% in the 2023/24 financial year to 4.67% in the 2024/25 financial year. This outstanding reduction is mainly attributable to the licensee's effective operational controls, including its debt collection rate that grew by 12.21%, which increased billable energy and strengthened revenue recovery.

Table 2: Performance Indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
Performance Indicator	**FY2023/24 (Approved)**	**2024/25 (Actuals)**
Percentage Surplus (Deficit): (%)	10.01	11.93
Percentage Energy Losses: (%)	7.89	4.67

3.4. Based on the above information, SM's electricity business demonstrated a strong and improving financial and operational performance during the 2024/25 financial year. The combination of a higher operating surplus margin, robust revenue growth, improved credit collection rates, and materially reduced energy losses reflects effective financial management and sound operational controls.

[1] Percentage Surplus Formula = (Revenue from Electricity Sales Less Total Expenditure) divided by Revenue from Electricity Sales

3.5. The significant reduction in energy losses has enhanced billable energy volumes and revenue recovery, thereby bolstering the sustainability of the electricity trading service. Even though the current performance indicators point to a stable and sustainable position in the short to medium term, continued vigilance is required to manage expenditure pressures and to sustain efficiency gains, specifically in the context of rising bulk electricity costs and the broader fiscal constraints that the municipality is facing.

4. DETERMINATION OF STELLENBOSCH MUNICIPALITY'S TARIFFS BASED ON THE COST OF SUPPLY ADJUSTED DATA

4.1. The municipality submitted its existing COS study in support of its tariff application approved in the 2026/27 financial year. The municipality's cost of supply 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 that: *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 Cost of Supply Framework approved by NERSA in October 2023 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 definitions of the columns are as follows:

i. Column 1: represents the budgeted FY2024/25 costs submitted by the licensee as part of the COS revenue requirement and approved for tariff determination in FY2024/25.
ii. Column 2: reflects the actual FY2024/25 financial performance of the licensee, sourced from the D-forms and aligned with the audited annual financial statements.
iii. Column 3.1: indicates the variance between the FY2024/25 approved budgeted figures and the audited actual values;
iv. Column 3.2: expresses the same variance in percentage terms. A positive variance indicates that actual expenditure exceeded the approved budget, while a negative

variance indicates underspending relative to the budget. In the latter case, a clawback may be applicable, whereas in the former case, a disbursement may be considered, subject to regulatory assessment.

v. Column 4: reflects the FY2025/26 revenue and electricity volume figures used as the baseline for determining the FY2026/27 tariffs (since at the time of the approval, the figures were estimates) when the Energy Regulator considered and approved the 2026/27 COS base tariffs. Once the 2025/26 financial year concludes, the actual figures will be verified against the audited annual financial statements.

vi. Column 5: contains the licensee's submitted FY2026/27 budgeted figures, which are subject to reasonableness testing for purposes of tariff determination for the control period under review.

vii. Column 6: shows the percentage movement between the FY2025/26 baseline figures and the FY2026/27 budgeted amounts and forms the primary basis for proposed tariff adjustments for FY2026/27.

viii. Column 7: is intended for NERSA's recommended adjustments after considering the reasons, facts, and evidence that the licensee has provided to motivate/justify for the approval of the budgeted figures.

ix. Column 8: is intended to capture NERSA's recommended adjustments after considering the reasons, facts, and supporting evidence submitted by the licensee in support of the requested budget figures for the FY2026/27.

4.5. The Total Allowable Revenue of R1.16 billion in column 4 is for the 2025/26 financial year tariff review period and is the basis upon which the tariffs are adjusted for approval by the Energy Regulator, as shown in Table 3 below.

4.6. The FY2024/25 variance between budgeted and actual Total Allowable Revenue in column 3 reflects higher than planned expenditure and higher than anticipated *other income* offsets, rather than regulatory adjustments. The municipality has incorporated these outcomes into the forward-looking FY2026/27 revenue requirement.

4.7. The COS study is valid for five years; however, municipalities need to reflect the adjustments in their cost drivers for each financial year under the existing COS (i.e. FY2026/27). NERSA utilised the budgeted figures to verify efficiencies and to ensure that municipalities do not over- or under-recover their operating overheads during the FY2026/27 tariff review process.

4.8. In determining the tariff adjustment applicable for the FY2026/27 financial year, the licensee submitted its FY2026/27 cost data, comprising budgeted operating costs plus surplus, as required by NERSA. The total budgeted revenue requirement submitted amounts to R1.67 billion for the FY2026/27 tariff review process, with no energy loss adjustment applicable. This results in a 33.51% escalation in allowable revenue for FY2026/27 relative to the previous financial period. The submitted application reflects a moderate forecasting approach, with some cost line items offsetting each other.

Table 3: Revenue Requirement Components

Energy Balance	Unit	FY2024/25 Budgeted Costs (COS) (1)	FY2024/25 Actual Costs (2)	FY2024/25 Budget to Actual Variance (R) (3.1)	FY2024/25 Budget to Actual Variance (%) (3.2)	FY2025/26 Tariffs per submitted Municipal Budget (4)	FY2026/27 Budgeted Costs as per the Licensee (5)	FY2025/26 to FY2026/27 Variance (%) (6)	NERSA Adjustment (considering efficiencies) (7)	FY2026/27 Allowable Revenue (8)
Sales	kWh	369 324 343	369 324 343	-	0%	417 962 159	466 599 975	12%	-	466 599 975
Eskom bulk purchases	kWh	387 410 493	387 410 493	-	0%	417 140 169	469 300 930	13%	-	469 300 930
Independent Power Producers Conventional	kWh		-	-		-	-		-	-
Independent Power Producers Renewable Energy	kWh		-	-		-	-		-	-
Self Generation	kWh		-	-		-	-		-	-
Other			-	-		-	-		-	-
Total Energy Requirements	**kWh**	**387 410 493**	**387 410 493**	**0**	**0%**	**417 140 169**	**469 300 930**	**13%**		**469 300 930**
Total Losses	kWh		18 086 150			-821 990	2 700 955			2 700 955
Technical losses	kWh	18 086 150	18 086 150			-821 990	2 700 955		-	2 700 955
Non-technical losses	kWh	0	0			0	0		0	0
Allowed losses	%	**4.67%**	**4.67%**			**-0.20%**	**0.58%**			**0.58%**
Total Energy losses	%	4.67%	4.67%			-0.20%	0.58%			0.58%
Cost Drivers										
Energy purchases from Eskom	Rand	528 011 715	765 566 621	237 554 906	45%	805 125 647	877 667 468	8%	-	877 667 468
Other energy purchases			-	-		-	-	0%	-	-
Total energy purchases	Rand	**528 011 715**	**765 566 621**	**237 554 906**	**45%**	**805 125 647**	**877 667 468**	**9%**	**0**	**877 667 468**
Cost of technical losses	Rand	24 650 078	35 740 262	11 090 184	45%	-1 586 530	5 051 216	-418%	0	5 051 216
Non-Technical Losses	Rand	0	0	-	0%	0	-	0%	-	-
Other energy purchases	Rand					-	-		-	-
Capital expenditure	Rand	-	-	-	0%	-	-	0%	-	-
Operational expenditure (incl. Depreciation)	**Rand**	**186 861 504**	**222 187 388**	**35 325 884**	**19%**	**171 810 663**	**222 401 029**	**29%**	**0**	**222 401 029**
General & Other	**Rand**	**61 961 276**	**103 412 345**	**41 451 069**	**67%**	**101 452 585**	**102 023 612**	**1%**	**0**	**102 023 612**
Salaries and allowances	Rand		28 709 307	28 709 307	#DIV/0!	26 804 317	28 010 511	5%	-	28 010 511
Materials and supplies	Rand		5 816 057	5 816 057	#DIV/0!	9 313 854	9 732 977	4%	-	9 732 977
Contracted Services	Rand	-	6 920 906	6 920 906	#DIV/0!	10 652 034	11 131 376	4%	-	11 131 376
Salaries, wages and allowances (excl. Repairs and Maintenance)	Rand	-	7 177 327	7 177 327	#DIV/0!	6 701 079	7 002 628	4%	-	7 002 628
Payments to consultants (operational work)	Rand		1 469 789	1 469 789	#DIV/0!	112 200	117 249	4%	-	117 249
Eskom debts interest	Rand	-	0	-		0	0		-	-
Current year depreciation	Rand	32 192 157	41 944 204	9 752 047	30%	39 965 887	37 967 593	-5%	-	37 967 593
Repairs and Maintenance	Rand	24 542 156	0	(24 542 156)					0	
Other creditors interests	Rand	5 226 963	11 374 756	6 147 793	118%	7 903 214	8 061 278	2%	0	8 061 278
Loss on during current year 2024/25 for not implementing Nersa approved tariffs	Rand								0	
Shared OPEX	**Rand**	**124 900 228**	**118 775 042**	**(6 125 185)**	**-5%**	**70 358 078**	**120 377 418**	**71%**	**0**	**120 377 418**
Bad debts (Allowance for Impairment)	Rand	373 182	12 322 419	11 949 237	3202%	181 357	189 699	5%	-	189 699
Charges from other Municipal Departments	Rand		44 713 278	44 713 278	#DIV/0!	0	46 770 089	#DIV/0!	-	46 770 089
General expenses		**1 204 098**	**57 288 670**	**56 084 572**	**4658%**	**62 567 764**	**65 458 660**	**5%**	**0**	**65 458 660**
Total Expediture before surplus	Rand	739 523 297	1 023 494 271	283 970 974	38%	975 349 779	1 105 119 713	**13%**	0	1 105 119 713
Surplus	Rand	107 050 368	133 858 234	26 807 866	25%	292 787 659	568 659 632	**94%**	-	568 659 632
Total Expenditure including Surplus	**Rand**	**846 573 666**	**1 157 352 505**	**310 778 840**	**37%**	**1 268 137 439**	**1 673 779 345**	**32%**	**-**	**1 673 779 345**
Other Income	Rand	**0**	**-97 904 402**	**(97 904 402)**	**0%**	**-107 242 535**	**-123 893 398**	**16%**	**0**	**-123 893 398**
5. Other Revenue - Illegal Connections	Rand		-	-		-	-		-	-
Total Allowable Revenue	**Rand**	**846 573 666**	**1 059 448 103**	**310 778 840**	**25%**	**1 160 894 904**	**1 549 885 947**	**34%**	**-**	**1 549 885 947**
Increase Required							***8.26%***			***8.26%***

4.9. It is important to test the efficiency and prudency of the costs in the FY2025/26, as this represents the most recently considered revenue in support of the approved tariffs during this period. This forms the basis on which costs for the FY2026/27 have been projected, using assumptions to calculate revenue requirements for that year.

4.10. 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

4.11. For the 2026/27 financial year, the licensee has applied for a bulk purchase expenditure of R877.67 million, which accounts for 53% of total costs inclusive of the 12% energy loss allowance. Bulk purchases were verified against Eskom invoices in the 2024/25 financial year.

4.12. To arrive at the FY2026/27 estimate, the licensee projected the full-year amount for the FY2025/26 and then estimated that this cost item would increase by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.13. Analysed Eskom bills showed no Notified Maximum Demand (NMD) exceedance penalties had been charged. Furthermore, the municipality did not include the Eskom interest charges on the outstanding account. All verifications have been satisfactory to NERSA, and therefore, this cost has been approved as applied for.

Operating Expenditure (including depreciation)

4.14. The licensee seeks an Operational Expenditure of R222.40 million for the 2026/27 financial year including depreciation. This represents 13% of the Total Costs, adjusted upward from R4.94 million in the 2025/26 financial year. This translates to a 29% increase from the previous year.

4.15. The licensee's depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The asset base is valued at approximately R1,358 million as at FY2024/25, as reported in its D-forms and verified against its audited AFS and supporting financial information. The resulting depreciation and amortization provisions amounted to R41.94 million in FY2024/25, R39.97 million in FY2025/26 and projected at R37.97 million for the 2026/27 financial year.

4.16. The approach taken by the licensee is satisfactory to NERSA for forecasting operational expenditure. As a result, this cost has been approved as applied for.

Surplus

4.17. The licensee is projecting a surplus position of R568.66 million, which is based on a 34% return on operating efficiencies including bulk purchases, and increased by 94% from the previous year relative to Total Expenditure. This outcome is driven by a combination of upward movement in other income revenue streams, government grant and the partial recovery revenue loss incurred in the FY2025/26 as a result of tariffs being set low resultant from the municipality’s omission in the application submitted to NERSA for FY2025/26. In this regard, certain Time-of-Use tariffs were submitted with incorrect seasonal values (summer instead of winter), while the reading costs for

DOM5 and AGRI1.1 tariffs were omitted. In correcting this, the net effect is translated as an increase in surplus.

4.18. The surplus position represents the critical financial buffer against several risks, allowing the municipality to maintain service delivery without resorting to emergency borrowing.

4.19. SM utilises its electricity revenue surplus primarily to fund local load shedding relief efforts, invest in renewable energy infrastructure, and reduce dependency on Eskom. This is in line with its Energy Master Plan (EMP).

4.20. NERSA is of the view that the surplus applied for by the licensee is reasonable to keep the licensee sustainable. Although not in line with the 10-20% target range as determined in the COS Methodology, the surplus level complies with the applicable principles, and it is justified in the manner in which SM manages the risks associated with its service delivery. Thus, it is NERSA's decision to allow the revenue requirement as applied for.

Conclusion on Costs to Serve

4.21. While the COS study outcome reflected an average tariff increase of 27.20% for the licensee to achieve full cost reflectivity, the municipality adopted a multi-year phase-in approach to implement tariff increases below the COS outcome. Some of the considerations for this decision include the licensee's requirement to maintain a sustainable tariff level to drive the demand for its electricity services, as well as addressing affordability concerns.

4.22. Significantly higher tariffs could negatively impact the licensee by reducing customer demand and sales. The licensee also considered its ability to service its Eskom account and the broader affordability impact on customers in determining the pace of its tariff adjustments.

4.23. This approach will help protect the municipality's revenue base and support its financial sustainability, as required by legislation.

4.24. Furthermore, the Cost of Supply study is based on forecasts and, as such, does not guarantee that the results are in fact true costs to supply. Therefore, the licensee has reviewed the results and determined its own revenue requirements to ensure financial sustainability. In this regard, the municipality will be required to submit a report accounting for all unverified costs.

4.25. The cost adjustment tool indicates an increase of 34% in the revenue requirement for the 2026/27 financial year. The licensee has applied for an average tariff increase of 8.22% to review its tariffs for the 2026/27 financial year. Taking into consideration the previously mentioned factors, this proposed increase is expected to keep the licensee sustainable.

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6.1.3. Approval of Stellenbosch Municipality's 8.22% tariff increase would support continued strong revenue growth and surplus generation, ensure full cost recovery and enable infrastructure funding without financial strain. Conversely, rejection would reduce surplus levels but not materially threaten financial sustainability, given the municipality's already robust revenue base, although it may delay capital investment and limit long-term system strengthening.

Municipal Impact Analysis

6.1.4. Table 5 below sets out the municipal impact in the event of either approval or rejection of its application.

Table 5: Municipal Impact

Application Item	Assessment
Profile	Affluent and a major commercial, as well as tertiary education hub.
Proposed Increase	8.22%
Cost of Supply Results	27.20%
Customer Impact	Customers are comparatively resilient.
Revenue Impact (Approved)	Under-recovery will persist, but remain manageable short-term.
Revenue Impact (Rejected)	Missed opportunity to leverage strong revenue base.
Regulatory Considerations	Has the capacity to absorb higher increases exists.

Clawback / disbursement mechanism

6.20. It is important to note that currently, there is no formal Regulatory Clearing Account (RCA) mechanism for municipalities. Although the FY2024/25 tariffs were set to recover costs based on approved forecasts, the higher actual expenditure resulted in a lower allowable revenue outcome in the year under review. Accordingly, (i) in the absence of a clawback or disbursement mechanism, the FY2024/25 under-recovery cannot be automatically disbursed; and (ii) the impact is addressed through forward-looking tariff determinations, subject to prudency, affordability, and actual cash collection assessments. The proposed 8.22% tariff increase is therefore forward-looking, and not retrospective, as discussed in section 4.6 above.

6.2. **TARIFF ANALYSIS**

1. Domestic: Life Line PP - 0 to 60amp single phase only (For qualifying indigent customers and receiving the first 100 units free per month) (DOM1)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	0%	0.00	0.00	0%
Block 1 (0 - 50kWh)	191.00	10.00%	210.10	210.10	10.00%
Block 2 (51 - 350 kWh)	239.00	10.00%	262.90	262.90	10.00%
Block 3 (351 - 600kWh)	358.00	10.00%	393.80	393.80	10.00%
Block 4 (>600 kWh)	409.00	10.00%	449.90	449.90	10.00%
Domestic PP Lifeline DOM 1 BSST (Free 100)	0.00	0%	0.00	0.00	0%

2. Domestic: Regular PP meters - (0 to 60amp single and three phase AND less than 600kWh per month average consumption during the previous financial year and for generation for own use) (DOM2)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	0%	0.00	0.00	0%
Block 1 (0 - 50kWh)	191.00	10.00%	210.10	210.10	10.00%
Block 2 (51 - 350 kWh)	245.00	10.00%	269.50	269.50	10.00%
Block 3 (351 - 600kWh)	345.00	10.00%	379.50	379.50	10.00%
Block 4 (>600 kWh)	406.00	10.00%	449.90	449.90	10.00%

3. Domestic: Regular PP meters - (0 to 60 Amp single and three phase using more than 600 kWh per month average consumption during the previous financial year and for generation for own use) (DOM3)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	261.54	10.00%	287.69	287.69	10.00%
Block 1 (0 - 50kWh)	191.00	8.19%	206.64	206.64	8.19%
Block 2 (51 - 350 kWh)	245.00	8.19%	265.07	265.07	8.19%
Block 3 (351 - 600kWh)	345.00	8.39%	373.94	373.94	8.39%
Block 4 (>600 kWh)	406.00	8.46%	440.35	440.35	8.46%

4. Domestic: Regular (Using Credit Meters 60 Ampere single and three phase maximum and for generation for own use) (DOM4)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	322.62	10.00%	354.88	354.88	10.00%
Block 1 (0 - 50kWh)	191.00	8.19%	206.64	206.64	8.19%
Block 2 (51 - 350 kWh)	245.00	8.19%	265.07	265.07	8.19%
Block 3 (351 - 600kWh)	345.00	8.39%	373.94	373.94	8.39%
Block 4 (>600 kWh)	406.00	8.46%	440.35	440.35	8.46%

5. Domestic - Renewable Energy (DOM 5) Generation for Own Use and Export	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Reading Cost (R/month)	New	New	158.20	158.20	New
Basic Charge (R/month)	322.62	10.00%	354.88	354.88	10.00%
Import Charges					
Energy Rate (≤50kWh) (c/kWh)	191.00	8.19%	206.64	206.64	8.19%
Energy Rate (51 - 300kWh) (c/kWh)	245.00	8.19%	265.07	265.07	8.19%
Energy Rate (301 - 600kWh) (c/kWh)	345.00	8.39%	373.94	373.94	8.39%
Energy Rate (>600kWh) (c/kWh)	406.00	8.46%	440.35	440.35	8.46%
Reactive Energy Rate	0.00	0%	0.00	0.00	0%
Export Charges					
Export Low Season Peak (c/kWh)	201.00	10.00%	269.63	269.63	10.00%
Export Low Season Standard (c/kWh)	138.00	8.69%	162.00	162.00	8.69%
Export Low Season Off-Peak (c/kWh)	88.00	10.00%	122.51	122.51	10.00%
Export High Season Peak (c/kWh)	616.00	0.04%	616.24	616.24	0.04%
Export High Season Standard (c/kWh)	187.00	-8.09%	171.86	171.86	-8.09%
Export High Season Off-Peak (c/kWh)	101.00	10.00%	111.10	111.10	10.00%

6. Commercial: Life Line (<20Ampere maximum, Single & three phase Pre-Paid Only for micro entrepreneurial businesses) (COM1)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	0%	0.00	0.00	0%
Energy Rate (c/kWh)	413.00	10.00%	454.30	454.30	10.00%

7. Commercial: Low (40Ampere maximum, Pre-Paid single & three phase only and for generation for own use) (COM2)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	323.30	10.00%	355.63	355.63	10.00%
Energy Rate (c/kWh)	332.00	8.23%	359.32	359.32	8.23%

8. Commercial: Regular PP only (80Ampere, single and three phase and for generation for own use) (COM3)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	553.62	10.00%	608.98	608.98	10.00%
Energy Rate (c/kWh)	393.00	8.48%	426.34	426.34	8.48%

9. Commercial: Credit meters (80Ampere, single and three phase and for generation for own use) (COM4)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	598.16	10.00%	657.98	657.98	10.00%
Energy Rate (c/kWh)	365.00	8.85%	397.31	397.31	8.85%

10. Commercial - Renewable Energy (COM 5) Generation for Own Use and Export	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Reading Cost (R/month)	146.01	8.35%	158.20	158.20	8.35%
Basic Charge (R/month)	598.16	7.95%	645.73	645.73	7.95%
Import Charges					
Energy Rate (c/kWh)	365.00	8.85%	397.31	397.31	8.85%
Reactive Energy Rate	0.00	0%	0.00	0.00	0%
Export Charges					
Export Low Season Peak (c/kWh)	201.00	10.00%	221.10	221.10	10.00%
Export Low Season Standard (c/kWh)	138.00	8.69%	150.00	150.00	8.69%
Export Low Season Off-Peak (c/kWh)	87.00	10.00%	95.70	95.70	10.00%
Export High Season Peak (c/kWh)	616.00	0.04%	616.24	616.24	0.04%
Export High Season Standard (c/kWh)	187.00	-7.60%	171.86	171.86	-7.60%
Export High Season Off-Peak (c/kWh)	101.00	10.00%	111.10	111.10	10.00%

11. Agricultural: Regular (Prepaid and Credit meters maximum 80Amp 3 phase and for generation for own use) (AGR1)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	655.98	10.00%	721.58	721.58	10.00%
Energy Rate (c/kWh)	399.00	0%	399.00	399.00	0%

12. Agricultural: Renewable Energy (AGRI 1.1) Generation for own use and export - Similar to AGRI 1	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Import Charges					
Reading Cost (R/month)	0.00	New	158.20	158.20	New
Fixed Charge (R/month)	655.98	8.35%	710.77	710.77	8.35%
Notified Maximum Demand Charge (R/kVA)		New	533.62	533.62	New
Import Charges					
Energy Charge (c/kWh)	399.00	0%	397.31	399.00	0%
Reactive Energy Rate (c/kWh)	0.00	0%	0.00	0.00	0%
Export Charges					
Export Low Season Peak (c/kWh)	201.00	10.00%	221.10	221.10	10.00%
Export Low Season Standard (c/kWh)	138.00	8.69%	150.00	150.00	8.69%
Export Low Season Off-Peak (c/kWh)	0.088	10.00%	96.80	96.80	10.00%
Export High Season Peak (c/kWh)	616.00	0.04%	616.24	616.24	0.04%
Export High Season Standard (c/kWh)	187.00	-8.09%	171.86	171.86	-8.09%
Export High Season Off-Peak (c/kWh)	101.00	10.00%	111.10	111.10	10.00%

13. Large Power: Low Voltage > 80 Amp and for generation for own use (IND1)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	3,381.53	0%	3,381.53	3,381.53	0%
Energy Rate (c/kWh)	180.00	10.00%	198.00	198.00	10.00%
Notified Demand (R/kVA)	82.52	10.00%	90.77	90.77	10.00%
Maximum Demand Charge (R/kVA)	458.29	0%	458.29	458.29	0%

14. Industrial: Medium Voltage and for generation for own use (IND1.1)	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	% Increase
	c/kWh				
Fixed Charge (R/month)	3,075.52	0%	3,381.53	3,381.53	0%
Reading Cost (R/month)	146.01	8.35%	158.20	158.20	8.35%
Import Charges					
Energy Rate (c/kWh)	180.00	10.00%	198.00	198.00	10.00%
Notified Maximum Demand (R/kVA)	82.52	10.00%	90.77	90.77	10.00%
Maximum Demand Charge (R/kVA)	458.29	0%	458.29	458.29	0%
Reactive Energy Charge (c/kVArh)	0.00	0%	0.00	0.00	0%
Export Charges					
Export Low Season Peak (c/kWh)	201.00	10.00%	221.10	221.10	10.00%
Export Low Season Standard (c/kWh)	138.00	8.69%	150.00	150.00	8.69%
Export Low Season Off-Peak (c/kWh)	0.088	10.00%	96.80	96.80	10.00%
Export High Season Peak (c/kWh)	616.00	0.04%	616.24	616.24	0.04%
Export High Season Standard (c/kWh)	187.00	-8.09%	171.86	171.86	-8.09%
Export High Season Off-Peak (c/kWh)	101.00	10.00%	122.51	122.51	10.00%

15. Industrial - MV (IND 2)	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Reading Cost (R/month)	146.01	-100%	0.00	0.00	-100%
Fixed Charge (R/month)	6,411.59	0%	6,411.59	6,411.59	0%
Energy Rate (c/kWh)	178.00	10.00%	195.80	195.80	10.00%
Notified Demand (R/kVA)	81.22	0%	81.22	81.22	0%
Maximum Demand Charge (R/kVA)	454.90	0%	454.90	454.90	0%

16. Industrial Medium Voltage (IND 2.1): Renewable Energy - Generation for own use and export	2025/26 Approved	Proposed % Increase	2026/27 Proposed	2026/27 Recommended	% Increase
	c/kWh				
Fixed Charge (R/month)	6,411.59	0%	6,411.59	6,411.59	0%
Reading Cost (R/month)	146.01	8.35%	158.20	158.20	8.35%
Import Charges					
Energy Rate (c/kWh)	178.00	10.00%	195.80	195.80	10.00%
Notified Maximum Demand (R/kVA)	81.22	10.00%	81.22	81.22	10.00%
Maximum Demand Charge (R/kVA)	454.90	0%	454.90	454.90	0%
Reactive Energy Charge (c/kVArh)	0.00	0%	0.00	0.00	0%
Export Charges					
Export Low Season Peak (c/kWh)	201.00	10.00%	221.10	221.10	10.00%
Export Low Season Standard (c/kWh)	138.00	8.69%	150.00	150.00	8.69%
Export Low Season Off-Peak (c/kWh)	0.088	10.00%	96.80	96.80	10.00%
Export High Season Peak (c/kWh)	616.00	0.04%	616.24	616.24	0.04%
Export High Season Standard (c/kWh)	187.00	-8.09%	171.86	171.86	-8.09%
Export High Season Off-Peak (c/kWh)	101.00	10.65%	111.10	111.10	10.65%

17. Municipal Tariffs - Street and Traffic Lights (MUN 1)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	New	61.97	61.97	New
Maximum Demand Charge (R/kVA)	New	N/A	N/A	N/A	N/A
Energy Rate (c/kWh)	412.00	8.32%	446.27	446.27	8.32%

18. Municipal - LV <80A (MUN 2)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	New	170.00	170.00	New
Access Charge (R/kVA)	New	New	164.09	164.09	New
Maximum Demand Charge (R/kVA)					
Energy Rate (c/kWh)	374.00	8.46%	405.65	405.65	8.46%

19. Municipal - LV >80A (MUN 3)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	New	561.60	561.60	New
Access Charge (R/kVA)	New	New	117.61	117.61	New
Maximum Demand Charge (R/kVA)	508.02	8.35%	550.43	550.43	8.35%
Energy Rate (c/kWh)	172.00	10.00%	189.20	189.20	10.00%

20. Non-Profit Organisations: Single Phase 20 Amp Prepaid (NP01)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	0%	0.00	0.00	0%
Energy Rate (c/kWh)	413.00	10.00%	454.30	454.30	10.00%

21. Non-Profit Organisations: Low Voltage Max 60 Amp Prepaid SARS Approved (NPO2)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	New	287.91	287.91	New
Access Charge (R/kVA)	New	New	527.75	527.75	New
Energy Rate (c/kWh)	396.00	8.41%	429.31	429.31	8.41%

22. Sport: Low All Consumers (<80A) and Prepaid (SPO1)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	New	165.57	165.57	New
Access Charge (R/kVA)	New	New	114.55	114.55	New
Energy Rate (c/kWh)	351.00	8.36%	380.34	380.34	8.36%

23. Sport - High Consumers >80A, Maximum Demand (SPO 2)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/month)	0.00	New	112.32	112.32	New
Access Charge (R/kVA)	New	New	117.61	117.61	New
Energy Rate (c/kWh)	161.00	10.00%	177.10	177.10	10.00%
Notified Demand (R/kVA)	0.00	0%	0.00	0.00	0%
Maximum Demand Charge (R/kVA)	506.32	8.35%	548.59	548.59	8.35%

24. Time of Use (Low Voltage >80Amp and for generation for own use) TOU1	***2024/25 Approved***	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***					
Import Charges						
Reading Cost (R/month)	N/A	New	N/A	New	New	N/A
Fixed Charge (R/month)	5,877.09	6,461.86	0%	6,461.86	6,461.86	0%
Summer:						
Maximum Demand Charge (R/kVA)	79.68	87.61	41%	123.66	123.66	41%
Access Charge (R/kVA)	79.68	87.61	15%	100.37	100.37	15%
Peak (c/kWh)	260.66	287.00	1%	290.49	290.49	1%
Standard (c/kWh)	171.76	189.00	6%	200.01	200.01	6%
Off-peak (c/kWh)	128.81	142.00	0%	142.00	142.00	0%
Reactive Energy (c/kVArh)	N/A	0.00		0.00	0.00	
Winter:						
Maximum Demand Charge (R/kVA)	79.68	87.61	41%	123.66	123.66	41%
Access Charge (R/kVA)	79.68	87.61	15%	100.37	100.37	15%
Peak (c/kWh)	817.37	287.00	210%	890.84	890.84	210%
Standard (c/kWh)	245.32	189.00	43%	269.80	269.80	43%
Off-peak (c/kWh)	144.13	142.00	3%	146.64	146.64	3%
Reactive Energy Charge (c/kvarh)	34.09	37.48	0%	37.48	37.48	0%
Export Charges						
		N/A	N/A	N/A	N/A	N/A

25. Time of Use Low Voltage (TOU1.1): – Renewable Energy for own use and export	***2024/25 Approved***	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks		***c/kWh***				
Import Charges						
Reading Cost (R/month)	132.80	146.01	8.00%	158.20	158.20	8.00%
Fixed Charge (R/month)	5,877.09	6,461.86	0%	6,461.86	6,461.86	0%
Summer:						
Demand Charge (R/kVA)	79.68	87.61	41%	123.66	123.66	41%
Access Charge (R/kVA)	79.68	87.61	15%	100.37	100.37	15%
Peak (c/kWh)	260.66	287.00	1%	290.49	290.49	1%
Standard (c/kWh)	171.76	189.00	6%	200.01	200.01	6%
Off-peak (c/kWh)	128.81	142.00	0%	142.00	142.00	0%
Reactive Energy Charge (c/kvarh)	0.00	0.00		0.00	0.00	
Winter:						
Demand Charge (R/kVA)	79.68	87.61	41%	123.66	123.66	41%
Access Charge (R/kVA)	79.68	87.61	15%	100.37	100.37	15%
Peak (c/kWh)	817.37	287.00	210%	890.84	890.84	210%
Standard (c/kWh)	245.32	189.00	43%	269.80	269.80	43%
Off-peak (c/kWh)	144.13	142.00	3%	146.64	146.64	3%
Reactive Energy Charge (c/kvarh)	34.09	37.48	0%	37.48	37.48	0%
Export Charges						
Export Low Season Peak (c/kWh)	182.81	201.00	11%	233.88	233.88	11%
Export Low Season Standard (c/kWh)	125.80	138.00	9%	150.00	150.00	9%
Export Low Season Off-Peak (c/kWh)	79.81	88.00	13%	99.50	99.50	13%
Export High Season Peak (c/kWh)	560.43	616.00	0%	616.24	616.24	0%
Export High Season Standard (c/kWh)	169.80	187.00	-8%	171.86	171.86	-8%
Export High Season Off-Peak (c/kWh)	92.20	101.00	11%	111.75	111.75	11%

26. Time of Use (Medium Voltage and for generation for own use) TOU2	***2024/25 Approved***	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks		***c/kWh***				
Import Charges						
Fixed Charge (R/month)	11 124.55	11,124.55	9.95%	12,231.43	12,231.43	9.95%
Summer:						
Demand Charge (R/kVA)	80.98	89.04	19%	106.34	106.34	19%
Access Charge (R/kVA)	77.00	84.66	2%	86.11	86.11	2%
Peak (c/kWh)	252.72	278.00	2%	284.90	284.90	2%
Standard (c/kWh)	165.31	182.00	0%	182.00	182.00	0%
Off-peak (c/kWh)	123.91	136.00	0%	136.00	136.00	0%
Reactive Energy Charge (c/kWh)	0.00	0.00	0%	0.00	0.00	0%
Winter:						
Demand Charge (R/kVA)	80.98	89.04	19%	106.34	106.34	19%
Access Charge (R/kVA)	77.00	84.66	2%	86.11	86.11	2%
Peak (c/kWh)	834.86	278.00	214%	873.60	873.60	214%
Standard (c/kWh)	237.15	182.00	45%	264.54	264.54	45%
Off-peak (c/kWh)	139.40	136.00	5%	143.44	143.44	5%
Reactive Energy Charge (c/kvarh)	35.81	39.37	0%	39.37	39.37	0%
Export Charges						
		New	N/A	New	New	N/A

27. Time of Use – Medium Voltage, (TOU2.1): Renewable energy - generation for own use and export	***2024/25 Approved***	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks		***c/kWh***				
Import Charges						
Reading Cost (R/month)	132.80	146.01	8.35%	158.20	158.20	8.35%
Fixed Charge (R/month)	R11 124.55	11,124.55	9.95%	12,231.43	12,231.43	9.95%
Summer:						
Demand Charge (R/kVA)	80.98	89.04	19%	106.34	106.34	19%
Access Charge (R/kVA)	77.00	84.66	2%	86.11	86.11	2%
Peak (c/kWh)	252.72	278.00	2%	284.90	284.90	2%
Standard (c/kWh)	165.31	182.00	6%	192.50	192.50	6%
Off-peak (c/kWh)	123.91	136.00	0%	136.00	136.00	0%
Reactive Energy Charge (c/kvarh)	0.00	0.00	0%	0.00	0.00	0%
Winter:						
Demand Charge (R/kVA)	80.98	89.04	19%	106.34	106.34	19%
Access Charge (R/kVA)	77.00	84.66	2%	86.11	86.11	2%
Peak (c/kWh)	834.86	278.00	214%	873.60	873.60	214%
Standard (c/kWh)	237.15	182.00	45%	264.54	264.54	45%
Off-peak (c/kWh)	139.40	136.00	6%	143.68	143.68	6%
Reactive Energy Charge (c/kvarh)	35.81	39.37	0%	39.37	39.37	0%
Export Charges						
Export Low Season Peak (c/kWh)	182.81	201.00	11%	223.88	223.88	11%
Export Low Season Standard (c/kWh)	125.80	138.00	9%	150.00	150.00	9%
Export Low Season Off-Peak (c/kWh)	79.81	88.00	13%	99.50	99.50	13%
Export High Season Peak (c/kWh)	560.43	616.00	0%	616.24	616.24	0%
Export High Season Standard (c/kWh)	169.80	187.00	-8%	171.86	171.86	-8%
Export High Season Off-Peak (c/kWh)	92.20	101.00	11%	111.75	111.75	11%

28. External Wheeling	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Customer received power at low voltage (<400V) in c/kWh	0.00	0.00%	45.98	45.98	0.00%
Customer received power at medium voltage (>400V) in c/kWh	0.00	0.00%	39.84	39.84	0.00%

29. Availability Fees (Per Annum)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Availability (R per annum)	5 138.87	8.26%	5 563.13	5 563.13	8.26%

7. CONFIDENTIALITY

7.2. None.

8. CONCLUSION

8.2. From a conspectus of the facts and evidence presented to the REC, it is appropriate to consider and approve Stellenbosch Municipality's tariff application for the 2026/27 financial year.

End.