NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

The Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Ephraim Mogale Local Municipality

THE DECISION

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1. At its meeting held on 9 May 2026, the Regulator Executive Committee (REC) considered Ephraim Mogale 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 22) below.

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

2.1. approve the tariffs that are based on the Cost of Supply (COS) Study as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;
2.2. note the COS study 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 to perform its independent verification/audit process by 31 January 2027.

TABLE OF CONTENTS

THE DECISION 1

ABBREVIATIONS 5

1. INTRODUCTION 6
2. LEGAL AND REGULATORY FRAMEWORK 8
3. Financial and technical performance 12
4. DETERMINATION OF EPHRAIM MOGALE's TARIFFS BASED ON THE COS STUDY 12
5. Conclusion on the COS 20
6. PUBLIC PARTICIPATION 20

LIST OF TABLES

Table 1: Summary of the REC decision ..... **Error! Bookmark not defined.**
Table 2: Performance indicators 12
Table 3: Revenue Requirement components 14
Table 4: Summary and Analysis of stakeholder comments ..... **Error! Bookmark not defined.**

LIST OF FIGURES

Figure 1: Five steps of COS 13
Figure 2: Cost breakdown by function ..... **Error! Bookmark not defined.**
Figure 3: Cost breakdown by cost structure (classification) 17
Figure 4: Costs Allocated 18
Figure 5: Rate Design 19
Figure 6: COS Results 20

ABBREVIATIONS

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 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. Ephraim Mogale is a small municipality situated in the Limpopo province. The municipality has a total of 1, 481 customers, with a predominantly industrial customer base accounting for 48.64% of electricity sales, as indicated in the table above. The municipality has confirmed that it does have an indigent register, and 646 indigent customers are supplied 50kWh Free Basic Electricity (FBE) per month by Eskom on behalf of the municipality.

1.3. Table 2 below highlights statistical data that gives a customer outlook of the municipality's electricity supply in the region. This information is derived from the 2024/25 D-form as provided by the licensee.

Table 2: Customer Statistics (Data obtained from latest D-forms)

Consumer classification	MWh	% MWh	Number of consumers
Domestic Prepaid	4, 616	14.00	746
Domestic Conventional	2, 302	6.98	291
Commercial Prepaid	766	2.32	159
Commercial Conventional	3, 283	9.96	111
Manufacturing/Industrial	16, 038	48.64	86
Agriculture	111	0.34	3
Own Use	775	2.35	62
Other Consumers	5, 082	15.41	23
Total	**32, 973**	**100**	**1 481**

1.4. NERSA received Ephraim Mogale's tariff application, accompanied by a revised Cost of Supply (COS) study, on 31 March 2026 for the 2026/27 financial year. The municipality attributed the revision to Eskom's implementation of approved retail and municipal bulk tariff structural changes, together with the applicable annual price adjustments arising from the approved Eskom's Retail Tariff and Structural Adjustment (ERTSA) decision for the 2025/26 FY.

1.5. The municipality applied the Cost-Plus methodology in developing its COS study. The COS Framework explicitly permits municipalities to determine allowable revenue using prudently incurred costs plus a reasonable surplus.

1.6. In accordance with the NERSA COS Framework, the allowable revenue was established through a buildup of costs. These costs were built up from verified bulk purchases (Eskom invoices) and electricity-related operating costs (tested against D-Forms, Trial Balance Audited AFS).

1.7. The licensee's depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The resulting Depreciation and Amortisation provisions are consistent with the licensee's total asset base R247, 054 million, valued at approximately R2, 403 million as at FY2024/25.

1.8. NERSA followed the notice and comment consultation process. Ephraim Mogale's tariff application was published on the NERSA website on 31 March 2026, on social media platforms and national and local newspapers to solicit written comments from affected parties.

1.9. NERSA's decision was made on 9 May 2026, considering the analysis performed by NERSA.

1.10. The municipality applied for 7.7% in the 2025/26 financial year and is proposing the same average increase of 7.7% for 2026/27 FY, which is below Eskom's approved bulk electricity tariff increase of 9.01%, reflecting a moderate affordability approach informed by the outcomes of the COS study.

1.11. NERSA followed the notice and comment consultation process. Ephraim Mogale's tariff application was published on the NERSA website on 31 March 2026, on social media platforms and national and local newspapers to solicit written comments from affected parties.

1.12. 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 Adjustment decision and is undertaken annually to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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

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

2.2. NERSA's Statutory Mandate

2.2.1. NERSA is established as a juristic person in terms of section 3 of the NERA. In terms of Section 4 of NERA, the Energy Regulator, as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The 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; and
c) section 14(1)(d) of the ERA authorises the Energy Regulator to impose licence conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

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

2.3. Tariff Determination Principles under the ERA

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

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

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

2.3.3. These statutory requirements form the core legal principles 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 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 Cost of Supply methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3. Policy Position 23 therefore requires electricity distributors to undertake Cost of Supply 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. 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 which sought to vary the timelines which were set by the Court on 4 December 2025, considering the practical difficulties which arose as it relates to NERSA's compliance with the Court order. The court, having heard NERSA's application, granted the variation application in respect of the fixed deadlines for the 2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

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

a) written notice of bulk tariffs by 6 March 2026;
b) municipal tariff applications to be submitted by 31 March 2026;
c) public participation processes to be concluded by 21 April 2026; and
d) the publication of NERSA decisions by 11 May 2026.

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

a) written notice of bulk electricity tariffs be communicated by 31 January each year;
b) municipal tariff applications be submitted to NERSA by 20 March each year; and
c) municipal tariff approvals and the tariff Reasons for Decision document, be approved and published by 5 May of each year.

2.9. Conclusion

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

2.9.2. The reasons that follow in this Reasons for Decision document demonstrate how the Energy Regulator complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for the 2026/2027 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In assessing the financial and technical performance of Ephraim Mogale, 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. The municipality's electricity business operated at a percentage deficit of 4.54% in the 2024/25 financial year, which is an improvement from a deficit of 10,28%.

3.3. This improvement is consistent with the outcomes of the analysis of the COS study, which reflects enhanced alignment between tariffs and the underlying efficient cost drivers as well as improved recovery of operational and network -related costs.

3.4. Table 3 below shows that Ephraim Mogale's energy losses indicate 4.90% for the FY 2024/25, a reduction of 0.55% from the 5.45% of the previous financial year. The sustained maintenance of energy losses at single-digit levels indicates improved network efficiency and reflects positively on the municipality's operational performance in electricity distribution.

Table 3: Performance indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	-4.54%	-10.28%
Percentage Energy Losses	4.90%	5.45%

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

4.1. The process that the Energy Regulator followed in considering and approving Ephraim Mogale's tariff application was supported by a Cost of Supply study.

4.2. The revised study aimed to improve cost reflectivity, aligning tariffs with Eskom's unbundled cost. The restructuring resulted in a rebalancing of bulk supply charges, with a greater emphasis on fixed and capacity-related cost recovery and changes

to the composition of energy-related charges structure and a reduction in reliance on purely volumetric energy charges and to apportion costs required to service each customer's class fairly and equitably.

4.3. The study diligently follows the NERSA COS framework and utilises the latest available audited data, which is based on the 2024/25 financial year.

4.4. **Error! Reference source not found.** below details the five steps considered in the determination of the COS study.

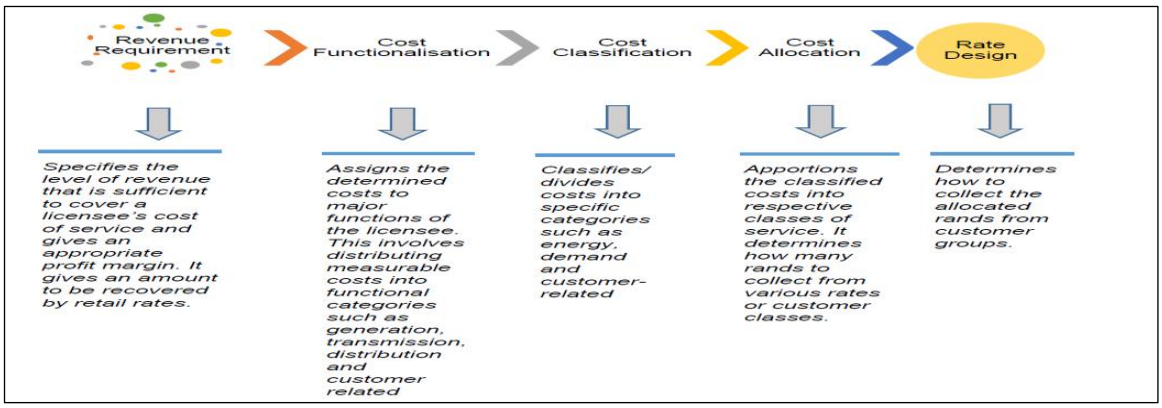


Figure 1: Five steps of COS

4.5. The following steps are undertaken to analyse the Cost of Supply study submitted by the municipality.

Revenue Requirement

4.6. To be fully cost reflective, the licensee's revenue requirement is R115, 468 million for the 2026/27 financial year. This revenue requirement is predominantly Eskom purchases, accounting for 81%, including energy losses allowance. Operational expenditure accounts for 19%.

Table 4: Revenue Requirement components

Revenue Requirement components	Total cost (R) Wires	Retail	Total	% of Total
Allowable costs	38 678 363	98 784 645	115 467 932	100%
Energy purchases from Eskom - net of cost of losses	-	83 297 982	83 297 982	72%
Energy purchases from Eskom - cost of losses	-	10 728 722	10 728 722	9%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	18 457 174	3 537 902	21 995 076	19%
Other revenues	**- 74 275**	**- 2 428 775**	**- 2 503 050**	**-2%**
Surplus	1 838 290	110 913	1 949 203	2%
Not allowable costs	-	-	-	
Cost of losses disallowed	-	-	-	

4.6.1. 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.

4.6.2. All expenses included in the revenue requirements have been examined to ensure that they are directly attributable to the electricity distribution function of the licensee. Where costs were identified as inflated, inefficient, or not sufficiently justified, such amounts were adjusted or excluded accordingly. These adjustments are detailed and motivated below.

Bulk purchases

4.6.3. Ephraim Mogale applied for bulk purchase expenditure amounting to R94, 027 million, representing 81% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year.

4.6.4. To derive the 2026/27 bulk purchase estimate, the 2025/26 Cost of Supply (COS) amount was escalated by 9.01%, consistent with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

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

Operational Expenditure

4.6.6. The licensee applied for operational expenditure of R19, 592 million, which accounts for 17% of total costs as reflected in Table 3 above. (OPEX inclusive of depreciation R19, 592 million + R 2, 403 million = R21, 995 million).

4.6.7. The approach adopted by the licensee in forecasting operational expenditure is reasonable and has been approved as applied for, and no costs deemed to be inefficient have been excluded from the cost base.

Table 5: OPEX Unbundling

OPEX COSTS WITHOUT DEPRECIATION	
OPEX COST DRIVERS	**TOTAL R'M**
SALARIES & WAGES	10 109 952
MATERIALS & SUPPLIES	74 040
CONTRACTED SERVICES	7 138 382
TOTAL COSTS	**17 322 374**
SHARED OPEX	
CHARGES FROM OTHER MUNICIPAL DEPARTMENT	2 269 601
TOTAL OPEX COSTS	**19 591 975**

Surplus

4.6.8. The licensee applied for a surplus of R1.9 million, calculated using a surplus factor of 2% return applied to operating expenditure, including bulk electricity purchases, for both the wires and retail components of businesses.

4.6.9. The surplus applied for by the licensee falls below the approved target range of 10 - 20%. This cost has therefore been approved as applied for.

4.6.10. The decision to approve the revenue requirement as applied for will then be used in the next steps, which are Cost Functionalisation, Classification, Allocation and Rate Setting. These steps have been verified and confirmed to align with the revenue requirement. Further details of these steps are discussed below.

Cost Functionalisation

4.6.11. The licensee has categorised its revenue requirement of R115, 468 million into two primary functional components, namely wires and retail business, in accordance with the NERSA COS framework as demonstrated in Figure 2 below. Upon verification, the allocation of these functional costs was found to be consistent with the stated revenue requirement.

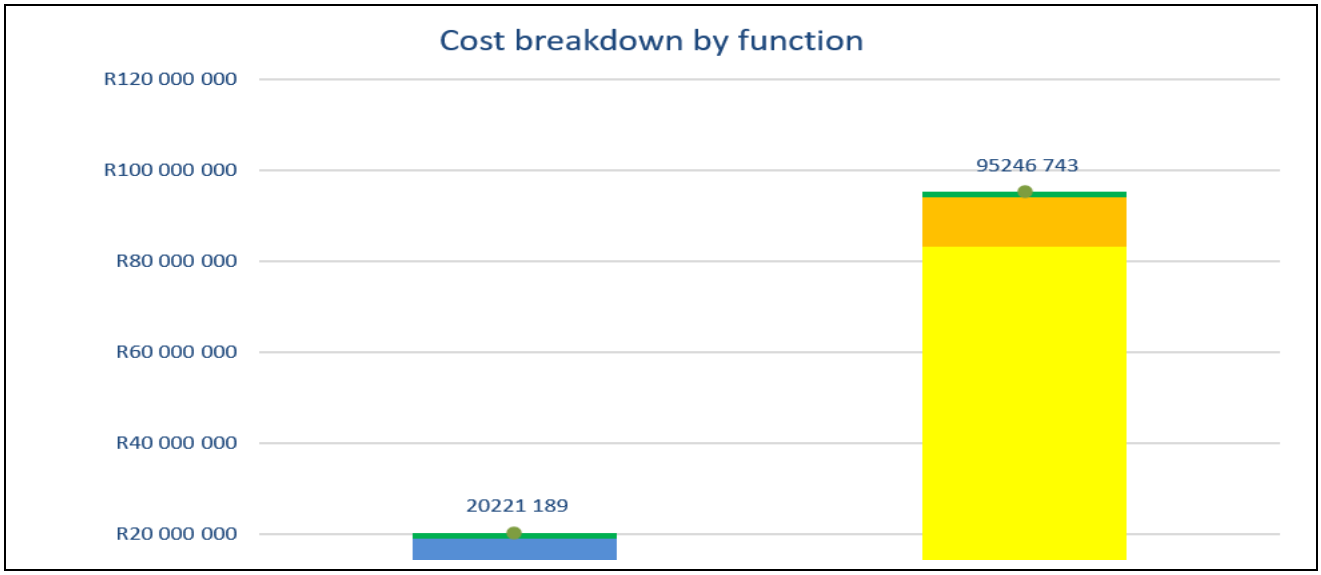


Figure 2: Cost breakdown by function

4.6.11.1. These costs, upon 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

4.6.12. The licensee classified its costs into energy, demand and customer-related costs, which is in line with the NERSA COS framework. The costs align with revenue requirements and cost functionalisation upon verification.

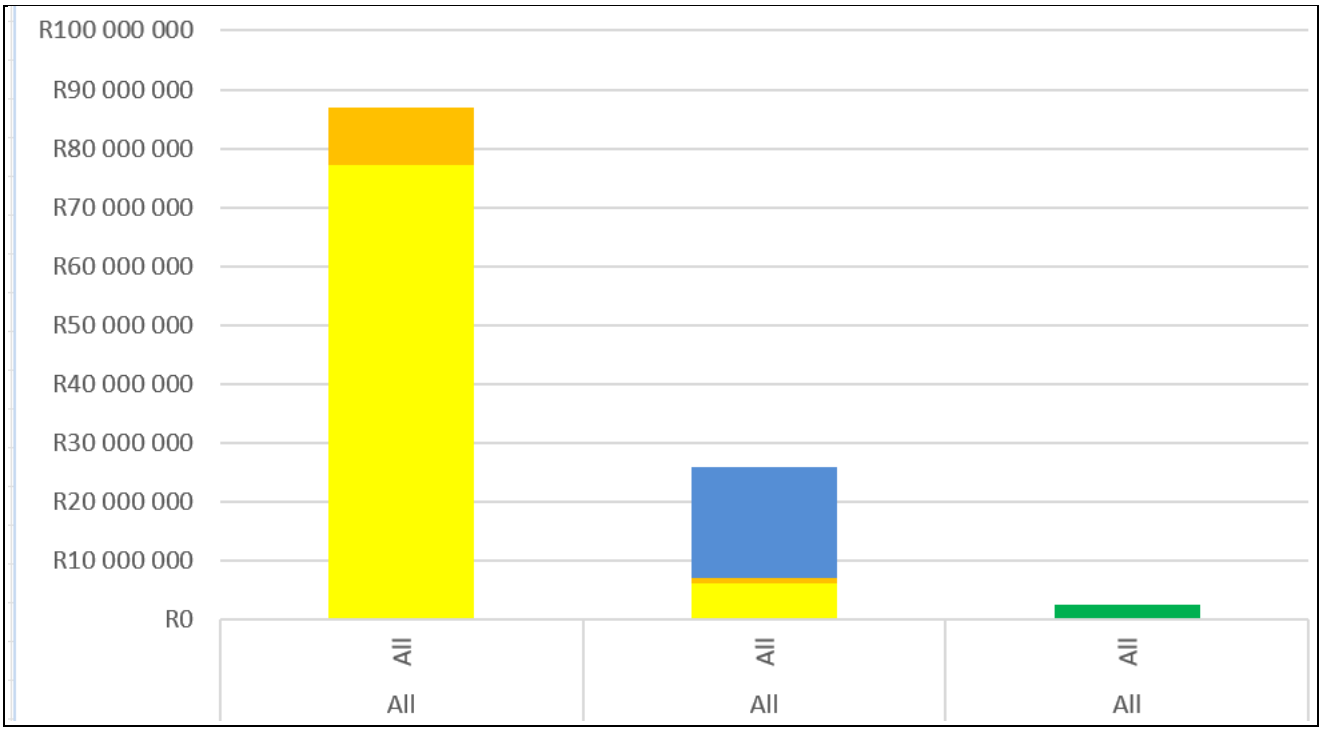


Figure 2: Cost breakdown by cost structure (classification)

4.6.13. Energy purchases constitute energy-driven costs, with the highest expenditure occurring during the summer period under standard time-of-use profile, due to the longer duration of the season within the tariff year. Demand-driven costs are likewise predominantly incurred in the summer period. Customer-driven costs are primarily attributed to "Other OPEX," which encompasses expenses related to the provision of electricity distribution services to customers.

Cost Allocation

4.6.14. In this step, the licensee's revenue requirement is allocated across customer categories in accordance with the NERSA COS framework. Upon verification, the allocated costs were found to be consistent with the revenue requirement, cost functionalization and cost classification outcomes.

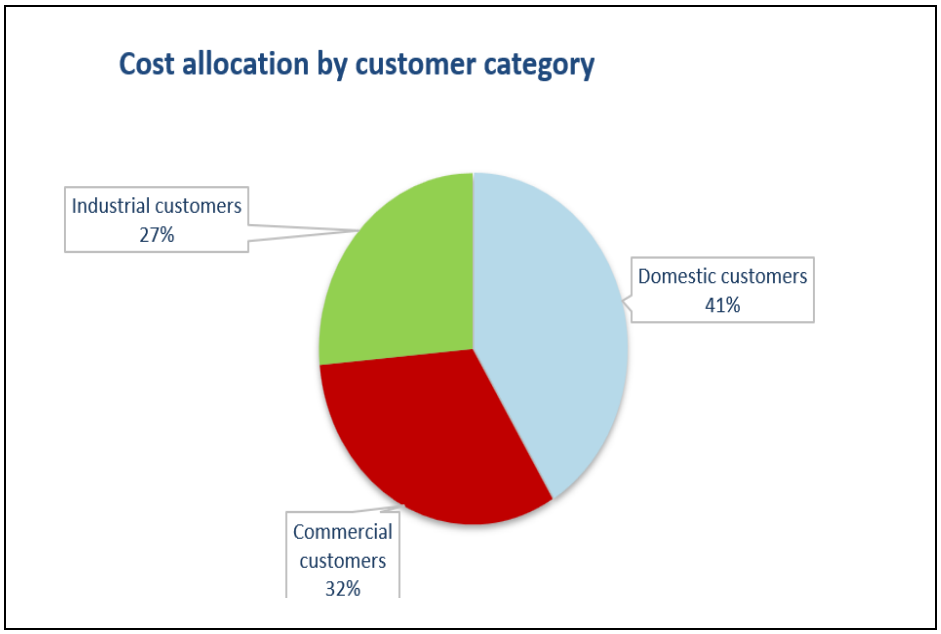


Figure 3: Costs Allocated

Rate Design

4.6.15. Figure 5 below reflects the outcome of the COS study, indicating that certain customer categories require upward adjustments, while others warrant reductions. A comparison between the COS study and the revenue generated per tariff category highlights the extent of over- or under-recovery within each tariff category, as illustrated in Figure 5.

4.6.16. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across the various customer categories.

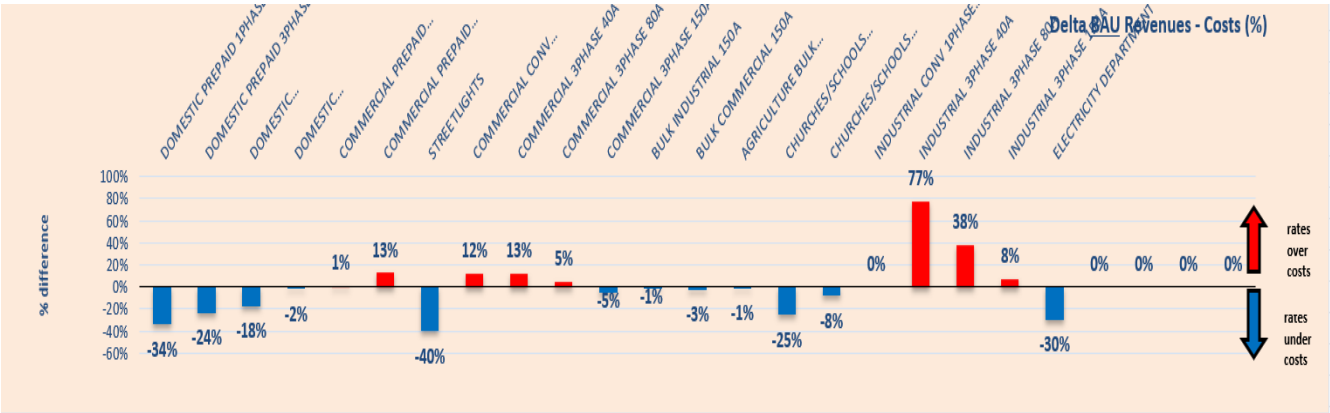




Figure 4: Revenue Recovery by Customer Category

Tariff Analysis and Key Findings

4.6.17. The municipality has proposed an average electricity tariff increase of 7.7% for FY2026/27, which is in line with the 7.7% cost-reflective level identified in its COS study. The table below indicates the revenues proposed by the municipality.

Table 6: List of Tariffs

	New rates for Year 2 (dashboard) (Wires+Retail)				Existing rates in Year 1 (Wires + Retail)					
	Basic charge	Average demand rate	Average energy rate	Total average rate	Basic charge	Average demand rate	Average energy rate	Total average rate	Revenue from new rates	Revenue from existing rates
Customer Categories	Rand/month	Rand/kVA/month	c/kWh	c/kWh	Rand/month	Rand/kVA/month	c/kWh	c/kWh	R million	R million
DOMESTIC PREPAID 1PHASE	110,71	-	257,87	280	100	-	240	260	12,2	11,3
DOMESTIC PREPAID 3PHASE	179	-	273	281	130	-	255	261	0,7	0,7
DOMESTIC CONVENTIONAL 1PHASE	373	-	291	343	349	-	270	318	7,9	7,3
DOMESTIC CONVENTIONAL 3PHASE	603	-	296	365	559	-	275	339	0,7	0,6
COMMERCIAL PREPAID 1PHASE	163	-	334	408	150	-	311	379	1,4	1,3
COMMERCIAL PREPAID 3PHASE	204	-	375	395	171	-	350	367	1,8	1,6
STREETLIGHTS	-	-	269	269	-	-	250	250	0,6	0,5
COMMERCIAL CONV 1PHASE 80 AMPS	1 612	-	286	440	1 511	-	264	408	1,3	1,2
COMMERCIAL 3PHASE 40A	2 388	-	286	387	2 262	-	264	359	0,8	0,7
COMMERCIAL 3PHASE 80A	2 909	-	286	392	2 740	-	264	364	5,2	4,8
COMMERCIAL 3PHASE 150A	5 407	-	286	350	5 190	-	264	325	3,2	3,0
BULK INDUSTRIAL 150A	10 628	313	199	362	9 928	283	188	336	44,1	40,9
BULK COMMERCIAL 150A	10 276	302	210	333	9 976	292	190	309	22,6	21,0
AGRICULTURE BULK 3PHASE 150A	10 656	268	204	340	9 642	258	187	315	3,0	2,7
CHURCHES/SCHOOLS 1PHASE 80A	418	-	272	293	378	-	253	272	0,6	0,6
CHURCHES/SCHOOLS 3PHASE 80A	863	-	296	322	756	-	276	299	1,4	1,3
INDUSTRIAL CONV 1PHASE 80 AMPS	-	-	-	-					-	-
INDUSTRIAL 3PHASE 40A	2 427	-	286	830	2 262	-	264	771	0,3	0,3
INDUSTRIAL 3PHASE 80A	2 923	-	286	498	2 740	-	264	462	2,6	2,4
INDUSTRIAL 3PHASE 150A	5 460	-	286	370	5 190	-	264	344	4,0	3,8
ELECTRICITY DEPARTMENT	-	-	269	269	-	-	250	250	1,2	1,1
	-	-	-	-					-	-
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1.3 Domestic Prepaid 1Ph	**2025/26 Approved**	**% Increase**	**2026/27 Proposed Tariffs**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	240.00	7.68%	258.43	258.43	7.68%	The recommended increase is aligned with the COS findings and is below the Eskom bulk increase of 9.01%. The emphasis on the basic charge strengthens the recovery of fixed costs and mitigates revenue volatility arising from declining and unpredictable prepaid electricity consumption
Basic Charge (R/month)	100.00	7.94%	107.94	107.94	7.94%	
1.4 Domestic Prepaid 3Ph	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	255.00	7.69%	274.61	274.61	7.69%	The recommended % remain below the Eskom bulk tariff increase of 9.0% and support improved fixed cost recovery for three phase customers. This approach enhances revenue stability for the municipality while maintaining reasonable price signals for customers.
Basic Charge (R/month)	130.00	8.03%	140.44	140.44	8.03%	

1.5 Church/School /Charitable 1P-80A	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and key findings
Energy Charge (c/kWh)	253.47	7.72%	273.04	273.04	7.72%	The recommended increases are set below Eskom's 9.01% bulk tariff increase. The % increases remain aligned to COS principles while recognising the socio-economic role of these institutions.
Basic Charge (R/month)	377.68	7.39%	405.59	405.59	7.39%	
1.6 Church/School/Charitable 3P-80A	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	276.09	7.72%	297.40	297.40	7.72%	The recommended tariff increases are below the adjustment of Eskom bulk of 9.01%. The % increases will ensure recovery of network related costs associated with three-phase supplies while continuing to protect affordability for social consumers.
Basic Charge (R/month)	755.57	7.05%	808.85	808.85	7.05%	
1.7 Departmental/ Streetlights	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	250.00	12.00%	280.00	280.00	12.00%	The recommended increase exceeds the Eskom tariff bulk of 9,01%. The adjustment is justified to ensure adequate cost recovery for the high network, maintenance and operational costs associated with departmental and public lighting services.

1.8 Commercial Prepaid 1P	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and key findings
Energy Charge (c/kWh)	311.00	7.40%	334.00	334.00	7.40%	The recommended increases remain below Eskom's bulk increase of 9.01%. The % increases are aimed at improving fixed cost recovery under declining commercial electricity sales. This enhances revenue stability while limiting potential adverse impacts on small commercial consumers.
Basic Charge (R/month)	149.99	8.67%	162.99	162.99	8.67%	
1.9 Commercial Prepaid 3P	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	350.00	7.71%	376.98	376.98	7.71%	The recommended increases are below Eskom's bulk increase of 9.01%. The % increases balance affordability considerations, with the need to recover fixed and network related costs associated with three phase commercial customers.
Basic Charge (R/month)	171.14	7.51%	183.99	183.99	7.51%	
1.10 Commercial Conventional 1P	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended increases remain below Eskom's bulk increase of 9.01%. The % increases support improved revenue stability and aligns tariff structures with COS identified cost drivers.
Basic Charge (R/month)	1, 510.99	6.67%	1, 611.83	1, 611.83	6.67%	

1.11 Commercial Conventional 3P-40A	2025/26 Approved	% Increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and key findings
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended increases are below Eskom's bulk increase of 9,01%. The % increases ensure financial sustainability while moderating cost impacts on medium sized commercial customers.
Basic Charge (R/month)	2, 261.91	5,56%	2, 387.68	2, 387.68	5.56%	
1.12 Commercial Conventional 3P-80A	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended increases are below Eskom's bulk increase of 9.01%. These % increases support equitable cost allocation and sustainable recovery of network related costs.
Basic Charge (R/month)	2, 739.74	6.16%	2, 908.51	2, 908.51	6.16%	
1.13 Commercial Conventional 3P-150A	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended increases are below Eskom's bulk increase of 9.01%. These % increases will improve revenue certainty without imposing excessive increase.
Basic Charge (R/month)	5, 190.02	4,18%	5, 406.88	5, 406.88	4.18%	

1.14 Industrial Conventional 1P	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended increases remain below Eskom's bulk increase of 9.01%. These % increases, support recovery of costs associated with network and administrative costs, while maintaining competitive pricing signals for industrial customers.
Basic Charge (R/month)	1, 510.99	6.67%	1, 611.83	1, 611.83	6.67%	
1.15 Industrial Conventional 3P-40A	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8,33%	286.00	286.00	8.33%	The recommended adjustments are below Eskom 9.01% bulk increase. The % increases will improve revenue certainty from large customers.
Basic Charge (R/month)	2, 261.91	7.31%	2, 427.30	2, 427.30	7.31%	
1.16 Industrial Conventional 3P-80A	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended tariff increases remain below the Eskom increase of 9.0%. The % increases will strengthen recovery of fixed costs in response to declining sales, ensuring sustainable revenue.
Basic Charge (R/month)	2, 739.74	6.69%	2, 922.99	2, 922.99	6.69%	

1.17 Industrial Conventional 3P-150A	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	264.00	8.33%	286.00	286.00	8.33%	The recommended tariff adjustments are below Eskom's 9.01% bulk tariff. The higher increase is associated with declining sales. However, the low % increase on the fixed costs will improve revenue sustainability of the licensee.
Basic Charge (R/month)	5, 190.02	5.20%	5, 459.7	5, 459.70	5.20%	
1.18 Bulk Industrial	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	188.00	7.46%	202.02	202.02	7.46%	The recommended increases remain below Eskom's bulk increase of 9.01%. These % increases will ensure recovery of demand, variable and capacity -driven costs associated with large scale customers without undermine affordability.
Basic Charge (R/month)	9, 927.55	7.06%	10, 628.21	10, 628.21	7.06%	
Maximum Demand (R/kVA)	282.74	8.03%	305.45	305.45	8.03%	

1.19 Bulk Commercial	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	190.00	7.89%	204.99	204.99	7.89%	The recommended increases are adjusted below Eskom's bulk increase of 9.01%. The % increases will allow recovery of fixed, variable and demand related costs while maintaining competitiveness.
Basic Charge (R/month)	9, 976.40	8.15%	10, 789.68	10, 789.68	8.15%	
Maximum Demand (R/kVA)	292.22	7.25%	313.40	313.40	7.25%	
1.20 Bulk Agriculture	**2025/26 Approved**	**% Increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and key findings**
Energy Charge (c/kWh)	187.00	8.05%	202.05	202.05	8.05%	The recommended increases are below Eskom's bulk increase of 9.01%. The % increases align with the COS such customers and balance cost recovery with affordability constraints faced by the agricultural sector.
Basic Charge (R/month)	9, 642.17	7.54%	10,369.51	10, 369.51	7.54%	
Maximum Demand (R/kVA)	258.01	7.03%	276.15	276.15	7.03%	
1.21 Alternative Energy Feedback	**2025/26 Approved**	**% increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % increase**	**Analysis and key findings**
Energy Charge (c/kWh)	172.00	17.74%	202.52	202.52	17.74%	The recommended increases exceed Eskom's bulk increase of 9.01% and is justified to align feedback tariffs with avoided-cost principles. This ensures that energy feedback prices remain cost reflective and financial neutral to the licensee.

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. The Energy Regulator, having considered the Ephraim Mogale Local Municipality's application, supporting information, stakeholder inputs, and applicable legal framework, approve the tariff adjustments as set out in the Reasons for Decision.

End.