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

Ndlambe Local Municipality

THE DECISION

At its meeting held on 11 May 2026, the Regulator Executive Committee (REC) considered Ndlambe 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 Table 1 below.

Table 1: Summary of the REC Decision

Tariff Category	2026/27 approved % Increase
Domestic ≤ 20 AMP Single Phase: Credit and Prepaid	7%
Domestic > 20 AMP Single Phase Credit and Prepaid	7%
Scale 3: Commercial and Prepaid	7%
Scale 7: Time of Use LV	7%
Scale 7 Time of Use MV	7%
Scale 8: Small Time of Use: 50kVA	7%
Scale 9: SSEG FEED IN	7%
Scale 10: Public lightning	7%
Scale 11: Municipal Usage	7%
Availability Charge	7%

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

1. to approve the tariffs that are based on the Cost of Supply (COS) Report as recommended in the tariff analysis section for implementation by the municipality

with effect from 1 July 2026;

2. to note the COS Report submitted by the municipality; and
3. that the municipality must submit a report accounting for all the costs that have been noted in its COS study by 31 January 2027, to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification/audit process.

TABLE OF CONTENTS

THE DECISION....1
TABLE OF CONTENTS....3
ABBREVIATIONS AND ACRONYMS....5
1. INTRODUCTION....6
2. LEGAL AND REGULATORY FRAMEWORK....7
3. Financial and technical performaNce....11
4. DETERMINATION OF NDLAMBE's TARIFFS BASED ON THE COST OF SUPPLY ADJUSTED DATA....12
5. PUBLIC PARTICIPATION....19
6. THE OBJECTORS AND OTHER INTERVENING PARTIES....19
7. TARIFF ANALYSIS....24
8. CONFIDENTIALITY....39
9. CONCLUSION....39

LIST OF TABLES

Table 1: Summary of the REC Decision 1
Table 2: Customer Statistics 6
Table 3: Performance Indicators 12
Table 4: Municipality's Revenue Requirement 14
Table 5: Depreciation Values 16
Table 6: Capital Plan Projects 17
Table 7: Summary and Analysis of Stakeholder Comments 19
Table 8: Domestic Tariff Impact 25
Table 9: Commercial Tariff Impact 26
Table 10: Time-of-Use Tariff Impact 27

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. Ndlambe Municipality is located in the Eastern Cape. The municipality mostly consists of commercial customers, which constitute 50.17% of the total electricity sales. The municipality provides its indigent customers with 50kWh of Free Basic Electricity (FBE) per month. The municipality further reports that it maintains an indigent register. The details regarding customer statistics are provided in Table 2 below.

Table 2: Customer Statistics

CONSUMER STATISTICS (OBTAINED FROM 2024-2025 DISTRIBUTION FORMS)			
Consumer Classification	**Sales (KWh)**	**%KWh**	**Number of Consumers**
Domestic (Prepaid)	8 963 323	25,02%	3 260
Domestic (Conventional)	7 383 664	20,61%	1 606
Commercial (Prepaid)	2 085 977	5,82%	224
Commercial (Conventional)	15 884 095	44,35%	223
Municipal Consumption & Street Lighting	1 502 184	4,19%	-
TOTAL SALES	**35 819 242**	**100%**	**5 313**
Free Basic Electricity (FBE)	**1 987 913**	**12,16%**	**1 178**

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

1.4. Ndlambe implemented a 10% average price increase in 2025/26FY and is applying for an average price increase of 7% for the 2026/27FY.

1.5. The municipality has successfully submitted all requested supporting documentation required for the comprehensive analysis of the tariff application.

1.6. The municipality maintains that it undertook extensive consultation on the tariffs and the impact of the changes on the different customer categories and provided the presentation it used, which did cover the impacts of the changes.

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

1.8. NERSA's decision was made on 11 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 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 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. NERSA's electricity regulatory mandate 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, NERSA 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 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, NERSA 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 NERSA-approved methodology 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 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 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 be submitted by 31 March 2026
c) Public participation processes must be concluded by 21 April 2026
d) The 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 be communicated by 31 January each year
b) Municipal tariff applications be submitted to NERSA by 20 March each year
c) 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 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 NERSA complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for the 2026/27 financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of Ndlambe, NERSA 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.

Percentage Surplus

3.2. As shown in Table 3 below, the municipality has achieved a notable improvement in its financial position. The deficit reduced significantly from 16.83% in the 2023/24 financial year to 5.38% in 2024/25, signalling a successful tightening of financial controls. This improvement was driven by a 20% increase in revenue, while expenditure growth was contained at a more moderate 8%, effectively narrowing the fiscal gap.

3.3. The primary driver for the improvement was reduced energy losses, although energy losses still accounted for R7.7m (R7.719,585) in lost revenue.

Energy Losses

3.4. The municipality has made significant strides in managing energy efficiency, with losses decreasing to 9.18% in the 2024/25 financial year from 11.14% in the previous period. Despite this positive trend, these losses, stemming from a combination of technical inefficiencies and administrative challenges, continue to impact the bottom line. The collection rate currently stands at 90.82%.

3.5. A substantial portion of these losses is as a result of aging distribution infrastructure. Specifically, energy is being lost through the following:

a) Infrastructure Decay: Inefficiencies in switchgear and the use of obsolete aluminium lines.
b) Distribution Stress: Technical dissipation within overhead lines, underground cables and transformers at both medium voltage (MV) and low voltage (LV) levels.

3.6. Beyond the physical grid, the municipality faces revenue leakage due to the following:

a) Metering Inaccuracies: Discrepancies in meter readings and administrative errors in the billing chain.
b) Revenue Theft: Direct financial impact caused by meter tampering and illegal connections.

Table 3: Performance Indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
INDICATORS	**2024-25FY (Actuals)**	**2023-24 FY (Approved)**
Percentage Surplus (Deficit)	-5,38%	-16,83%
Percentage Energy Losses	9,18%	11,14%

3.7. The municipality is taking steps to align its expenditure with revenue generation, reducing reliance on unsustainable deficit financing. While the reduction in energy losses indicates successful operational interventions, the remaining R7.7m in lost revenue shows that technical and commercial electricity losses continue to be a significant challenge.

3.8. The improvement suggests that revenue collection efforts and reduced operating losses are having a positive impact on the overall bottom line.

3.9. The municipality has a significant portion of holiday homes that are only occupied for about two months of the year. Subsequently, a tariff where the fixed charges are embedded in the energy charge does not recover the cost of providing the capacity to the customers. This means that other customers are subsidising them. Therefore, the municipality has, over a three-year period, started to phase-in higher fixed charges. This is the final year of that process. This change impacts low-usage customers more and benefits higher-usage customers as an equalisation process to stop cross-subsidisation.

3.10. The municipality also maintains that many of its customers are also installing solar PV and that these customers become low-usage customers and should be moved to the correct tariff for customers with such installations.

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

4.1. The municipality submitted its existing COS study, which supports the tariff application for the 2026/27 financial year. The municipality's COS study included 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 October 2023 NERSA-approved Cost of Supply Framework 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 4 below was developed, and the definitions of the columns are as follows:

i. Column 1 is the actual 2024/25FY licensee performance and is sourced from the D-forms that are based on the audited annual statements.

ii. Column 2 is for the 2025/26FY revenues and electricity volume that are the base for the 2026/27FY tariffs. The figures were tested for reasonableness (since at the time of the approval, the figures were estimates) when NERSA considered and approved the 2026/27FY cost of supply base tariffs. Once the financial year ends, the actual figures will be verified using the audited statements.

iii. Column 3 is for the licensee's submitted 2026/27FY budgeted figures to be tested for reasonableness for determining tariffs for the control period under review.

iv. Column 4 is for NERSA's recommended adjustments after considering the reasons, facts and evidence the licensee provided to motivate/justify the budgeted figures.

v. Column 5 is for NERSA's recommended amounts that sum up to the allowable revenues the licensee must recover in 2026/27FY.

4.5. The total allowable revenue of R256 million is for the 2025/26FY tariff review and is based on the cost to supply revenue and the volumes used to determine the tariffs that were approved by NERSA, as shown in Table 4 below

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

4.7. To determine an increase applicable for the 2026/27 financial year, the licensee submitted its 2026/27FY cost (budgeted cost plus surplus) as requested by NERSA, and total budgeted required revenue that amounted to R288 millon for the 2026/27FY tariff review process.

Table 4: Municipality's Revenue Requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	35 819 242	35 819 242	35 819 242	-	35 819 242
Eskom bulk purchases	kWh	39 440 737	39 440 737	39 440 737	-	39 440 737
Total Energy Requirements	**kWh**	**39 440 737**	**39 440 737**	**39 440 737**		**39 440 737**
Total Losses	kWh	3 621 495	3 621 495	3 621 495		3 621 495
Technical losses	kWh	3 621 495	3 621 495	3 621 495	-	3 621 495
Non-technical losses	kWh	0	0	0	-	0
Allowed losses	%	**9,18%**	**9,18%**	**9,18%**		**9,18%**
Total Energy losses	%	9,18%	9,18%	9,18%		9,18%
Cost drivers						
Energy purchases from Eskom	Rand	94 526 169	92 354 426	100 786 385	-	100 786 385
Other energy purchases	Rand	-	-	-	-	-
Capital expenditure		-	2 531 442	2 531 442	-	8 556 442
Total energy purchases	Rand	**94 526 169**	**92 354 426**	**100 786 385**	**0**	**100 786 385**
Cost of technical losses	Rand	8 679 505	8 480 093	9 254 326	0	9 254 325
Operational expenditure (incl. Depreciation)	**Rand**	**110 632 375**	**124 627 714**	**144 426 319**	**-**	**144 426 319**
General & Other	0	103 801 115	114 237 744	133 620 750	-8 500 000	125 120 750
Salaries and allowances	Rand	1 003 827	1 108 871	1 107 909	-500 000	607 909
Materials and supplies	Rand	462 626	1 013 000	9 783 677	0	9 783 677
Contracted Services	Rand	20 498 559	25 356 000	25 640 710	-4 000 000	21 640 710
Current year depreciation	Rand	3 790 736	3 781 317	4 014 152	0	4 014 152
Other general expenditure	Rand	9 551	1 040 949	7 039 816	-4 000 000	**3 039 816**
Shared OPEX	Rand	6 831 260	10 389 970	10 805 569	-11 691 496	10 810 569
Charges from other Municipal Departments	Rand	6 831 260	10 389 970	10 805 569	**-5 000**	**10 810 569**
Total Expediture before surplus	Rand	213 838 049	225 462 233	254 467 030	0	254 467 029
Surplus	Rand	30 136 999	31 555 533	34 794 707	-11 686 496	23 108 211
Total Expenditure Including Surplus	Rand	243 975 048	257 017 766	289 261 737	0	277 575 240
Other revenues	Rand	**-478 635**	**-484 456**	**-517 400**	**0**	**-517 400**
Reconnection fees	Rand	477 007	481 031	514 703	**0**	514 703
Illegal connections	Rand	1 628	3 425	2 697	**0**	2 697
Total Allowable Revenus	**Rand**	**243 496 413**	**256 533 310**	**288 744 337**	**-20 191 496**	**268 552 841**
increase required				***12,56%***	***4,69%***	

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

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

Bulk purchases

4.10. The licensee applied for a bulk purchase expenditure of R100 million, which accounts for 34% of the total costs inclusive of the 9.18% energy loss allowance in line with the Act that requires only the prudently and efficiently incurred cost to be passed through to customers.

4.11. To arrive at the 2026/27 estimate, the licensee projected the year-to-date amount for 2025/26 since complete financial year data is unavailable, then estimated that this cost item would increase by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.12. The Eskom bills were analysed, and no NMD exceedance penalties were charged. Furthermore, the Municipality did not include the Eskom interest charge in the outstanding account.

Operating Expenditure (including depreciation)

4.13. The licensee applied for operational expenditure, including depreciation, of R144 million, as highlighted in Table 4 above.

4.14. The municipality adjusted the expenditure linked to the FY2025/26 tariffs, increasing it from R124million to a budgeted amount of R144 million, reflecting 13.7% increase in costs.

4.15. The municipality reported an asset value of R92 million, as reflected in its submitted audited D-Forms for the 2024/25 financial year. This was also verified on the audited financial statements.

4.16. As shown in Table 5, the depreciation values were verified against the D-forms, trial balance and the audited financial statements. These figures align consistently with the current year depreciation in Table 4.

Table 5: Depreciation Values

DESCRIPTION	2024/25FY
DEPRECIATION:	3 790 735,74
Electrical Infrastructure:Capital Spares	2 560 016,90
Electrical Infrastructure:HV Substations	4 119,00
Electrical Infrastructure:HV Transmission Conductors	350 879,16
Electrical Infrastructure:MV Networks	11 771,61
Electrical Infrastructure:MV Substations	160 580,53
Electrical Infrastructure:MV Substations	441 651,77
Electrical Infrastructure:MV Substations	25 561,42
Electrical Infrastructure:Power Plants	36 663,83
Roads Infrastructure:Roads (Incl .Traffic lights)	3 811,91
Depreciation:Transport Assets	3 132,89
Depreciation:Transport Assets	34 020,70
Water Supply Infrastructure:Distribution (water pumps)	158 526,02

Capital expenditure

4.17. For the 2026/27 financial year, the municipality is applying for capital expenditure of R2 million. A detailed breakdown of the projected capital projects is provided in Table 6.

Table 6: Capital Plan Projects

2026 BUDGET REQUEST:				
NORMALISATIONS				
PRIORITY NUMBER	**PROJECT DESCRIPTION:**	**ABNORMALITY:**	**ESTIMATED COST:**	**COMMENTS**
14	Hoff St Bundle Conductor	11kV Bundle conductor is no longer viable for repairs and needs to be replaced - **Removed from 2026/2027 buget. Proceeding with project immediately (2026/02/10) as "Fault Conditions" are now present.**	R106 744.94	funded in 25/26
10	Main St. Substation Protection	Protection In Main St. S/S is non-fuctional and needs to be rectified. - **Normalisation Approved**	R124 697.23	Funded in 25/26
3	Quality of Supply Metering - Alexandria	Submitted with previous budget. Indication from Ndlambe that it was on budget. No Further response. NERSA requirement. Ndlambe indicated to NERSA it was in hand.	R2 300 000.00	In process.
1	Eagle Cres. M.V Line	M.V line runs over the top of houses and needs to be reroutes - **VERY DANGEROUS**	R672 125.05	Capital Budget already included in the 26/27 budget
4	Dekselfontein Substation	Trf failed ± 6 years ago, was replaced with temporary arrangement. O/H structure not safe.	R1 897 500.00	Capital Budget already included in the 26/27 budget
6	Chatham Substation	Switchgear obsolete (No Spares) - to be replaced with 5-way RMU	R805 000.00	Capital Budget already included in the 26/27 budget
7	Albany Substation	Switchgear obsolete (No Spares) - to be replaced with 5-way RMU	R805 000.00	Capital Budget already included in the 26/27 budget
15	Abstraction Plant RMU	RMU located in flood plain, must be relocated for safety reasons.	R276 817.27	Capital Budget already included in the 26/27 budget
33	Rebuild of the 11 KV 17 panel HV Receiving substation	Replacement of bus bar and cercuit braikers. - co - funded with INEP	R1 600 000.00	Capital Budget already included in the 26/27 budget
34	Smart meters and concentrators for SSEG consumers.	Have to fund due to consumer reluctance to pay for meter. Will recver cost through increase basic.	R2 500 000.00	Capital Budget already included in the 26/27 budget
2	Customer metering	Meters, Header System, MCB's,Fused kiosk replacement, ect.	R4 140 000.00	Capital budget. Partly funded by consumers. Header syst
5	Karel Landman Substation	Switching Structure is very unsafe and needs to be rebuilt	R237 551.48	Capital budget not yet funded
8	Hill St. Substation	or 6-way unit	R1 150 000.00	Capital budget not yet funded
9	Substation Security	problem.	R86 250.00	Capital budget not yet funded
16	v.d Riet Minisub	Install refurbished transformer	R201 250.00	Capital budget not yet funded
17	Portofino Transformer	Install refurbished Minisub - 200kVA	R241 500.00	Capital budget not yet funded
18	Industrial Minisub 1	Minisub to be replaced	R1 497 258.90	Capital budget not yet funded
19	Thornhill PMT 3	Replace leaking transformer in Thornhill	R165 040.39	Capital budget not yet funded
20	Substation doors	Wooden doors on Substations in disrepair, to be replaced with steel doo	R747 500.00	Capital budget not yet funded
21	L.V & H.V Line Refurbishments	O/H Lines need to be refurbished in Port Alfred and Alexandria	R233 450.00	Capital budget not yet funded
23	Main Circuit Breakers	Main circuit breakers in all Substations and Minisubs to be installed/ cha	R172 500.00	Capital budget not yet funded
11	Trf oil replacement	20 x Transformers	R1 115 500.00	Maintenance
12	Trf oil filtration	6 x Transformer	R40 250.00	Maintenance
13	RMU & M.V Breaker oil replacement	15 x Switches	R276 000.00	Maintenance
22	Bush clearing	Extensive bush clearing is needed in the Port Alfred and Alexandria over	R1 725 000.00	Maintenance
24	Kiosk Locks	Replacement of the locks on the electrical kiosks in Ndlambe area	R110 285.00	Maintenance
25	Coastal pumps - Fish Kraal	New RMU and TRF. (NOTE: NO access to Substation to verify)	R2 635 000.00	water project
26	Coastal Pumps - Main Pump Station	New 3 - way RMU to be installed.	R2 849 000.00	water project
27	Coastal Pumps - Cape Padrone	New RMU to be installed (Note: Limited access to Substation)	R1 125 000.00	water project
28	Chicory - Alexandria	Main Supply to Chicory does not conform to industry standard, metering	R1 380 000.00	Capital but for the developer
29	Ezethu Development	We are aware of the following projects but no futher information has been forthcoming and we are not aware of the electrical requirements and as such have not included it in the budget.	R0.00	Capital but for the developer
30	Thornhill Development		R0.00	Capital but for the developer
31	R72 Development		R0.00	Capital but for the developer
32	Relocation of R.O Plant		R0.00	Capital but for the developer
		TOTAL:	**R28 684 778.09**	
STRATEGIC SPARES				
PRIORITY NUMBER	**EQUIPMENT:**	**REASON FOR REQUEST:**	**ESTIMATED COST:**	
1	500 kVA 11kV/ 400 V Minisub - Complete	500 kVA M/S will provide sufficient cover for all Minisubs currently on the	R1 667 500.00	Stock
2	3-way Ring Main Unit	3-way RMU will provide sufficient cover for all RMU's/ Switchgear curren	R421 877.50	Stock
3	200 Kva Pole Mounted Transformer	200 Kva PMT will provide sufficient cover for all PMT currently on the net	R166 750.00	Stock
4	Conductor	Needed to refurbish aging overhead infrastructure.	R207 207.00	Stock
5	Battery Bank	Battery banks are aging and are reaching end of life, Protection at risk if	R149 500.00	Stock
		TOTAL:	**R2 612 834.50**	
STOCK				
PRIORITY NUMBER	**EQUIPMENT:**	**REASON FOR REQUEST:**	**ESTIMATED COST:**	
1	General Stock	R275 000.00 per Month @ 12 Months	R3 795 000.00	Stock
		TOTAL:	**R3 795 000.00**	
		GRAND TOTAL:	R28 684 778.09	

4.18. The capital expenditure will be financed through a combination of depreciation and the calculated surplus. Within the capital plan, projects highlighted in orange are classified as maintenance initiatives intended for execution as part of the routine maintenance schedule. Additionally, while strategic spares are not explicitly listed in the primary budget, they may be procured should savings be realised within the actual capital expenditure.

Surplus

4.19. The licensee applied for a surplus of R23 million, which is based on a 12% return on Operating Expenditure (OPEX), including bulk purchases.

4.20. To ensure that the surplus is not excessive or detrimental to consumers, verification was undertaken by benchmarking the applied surplus margin of 12% against the established target range of 10–20%, in line with the approved NERSA COS Framework, EPP Policy position 1, D-Forms and the trial balance.

4.21. To ensure that the profit margin is commensurate with the associated risks, the following risk factors were evaluated in relation to the municipality's financial performance:

a) Revenue collection risks (non-payment, indigence levels, bad debt)
b) Operational risks (ageing infrastructure)
c) Financial sustainability requirements
d) Economic and External Indicators: Consideration of external market pressures and consumer sentiment that may impact the sustainability of service delivery.

4.22. The return proposed by the municipality is considered reasonable, as it falls within the established target range of 10–20%.

4.23. NERSA is satisfied that the return applied for by the licensee is sufficient to keep the licensee sustainable, though it falls below the 10–20% target range as determined in the COS Methodology. Thus, it is NERSA’s decision to allow the revenue requirement as applied for.

4.24. The applied surplus is considered modest and reasonable having regard to the relevant risk factors, including ageing infrastructure, financial stability requirements and customer affordability constraints. This is particularly so in the context of a municipal electricity distributor, which, while not operating on a profit-maximising basis, is nonetheless required to maintain financial sustainability and operational viability. NERSA therefore approves the revenue requirement as submitted.

Conclusion on Costs to Serve

4.25. While the COS study outcome reflected an average tariff increase of 15.72% for the licensee to achieve full cost reflectivity, the municipality adopted a three-year, phased-in approach to implement tariff increases below the COS outcomes. Some of the considerations for this decision include the licensee’s requirement to maintain a sustainable tariff level to drive demand for its electricity services.

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

Page 19 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9291/NdlambeMunicipality_ReasonsforDecisionontariffapplicationproc

Page 20 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9291/NdlambeMunicipality_ReasonsforDecisionontariffapplicationproc

Page 21 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9291/NdlambeMunicipality_ReasonsforDecisionontariffapplicationproc

Page 22 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9291/NdlambeMunicipality_ReasonsforDecisionontariffapplicationproc

Page 23 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9291/NdlambeMunicipality_ReasonsforDecisionontariffapplicationproc

Page 24 withheld by Unmapped Dataworks.

This page is part of the decision's record of public participation,
objections or comments, which names members of the public.
We do not republish it.

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9291/NdlambeMunicipality_ReasonsforDecisionontariffapplicationproc

Table 8: Domestic Tariff Impact

DOMESTIC TARIFF IMPAC	2025/2026 to 2026/2027										
RESTRUCTURED WITHOUT PRICE INCREASE AND PHASE IN		Basic	Capacity	Energy							
Existing Tariff	Capacity	Per month	Per A (installed)	Block 1 rate	Block 1 size	Block 2 rate	Block 2 size	Block 3 rate	Block 3 size	Block 4 rate	Block 4 size
	Amps	R/m	R/A/m	c/kWh	kWh/m	c/kWh	kWh/m	c/kWh	kWh/m	c/kWh	kWh/m
Dom Indigent	20	0.000	0.000	0.000	50	2.487	350	3.501	600	4.105	100000
Dom 20 Amp PP: No fixed	20	0.000	0.000	2.487	50	2.487	350	3.501	600	4.105	100000
Dom ≤ 20 Amp	20	191.656	10.974	2.255	50	2.440	350	2.777	600	2.979	100000
Proposed	Year 3 phase in 7% increase										
Dom Indigent	20				50	2.661	350	3.746	600	4.393	100000
Dom 20 Amp PP: No fixed	20			2.661	50	2.661	350	3.746	600	4.393	100000
Dom ≤ 20 Amp	20	76.91	17.61	2.585	50	2.585	350	2.585	600	2.585	100000
IMPACT: TOTAL IMPACT EXCLUDING PRICE INCREASE		**kWh/m**	**100**								
Amps	**Exis**	**0**	**50**	**100**	**200**	**300**	**400**	**500**	**600**	**700**	**800**
20	Exis-Dom Indigent	0	0	124	373	622	921	1 271	1 621	2 032	2 442
20	Exis-Dom 20 Amp PP: No fixed	0	124	249	497	746	1 046	1 396	1 746	2 156	2 567
20	Exis-Dom ≤ 20 Amp	411	524	646	890	1 134	1 395	1 672	1 950	2 248	2 546
30	Exis-Dom ≤ 20 Amp	521	634	756	1 000	1 244	1 504	1 782	2 060	2 358	2 656
40	Exis-Dom ≤ 20 Amp	631	743	865	1 109	1 353	1 614	1 892	2 170	2 467	2 765
50	Exis-Dom ≤ 20 Amp	740	853	975	1 219	1 463	1 724	2 002	2 279	2 577	2 875
60	Exis-Dom ≤ 20 Amp	850	963	1 085	1 329	1 573	1 834	2 111	2 389	2 687	2 985
120	Exis-Dom ≤ 20 Amp	1 509	1 621	1 743	1 987	2 231	2 492	2 770	3 048	3 345	3 643
	to										
Amps	**Prop**	**0**	**50**	**100**	**200**	**300**	**400**	**500**	**600**	**700**	**800**
20	Prop-Dom Indigent20	0	0	133	399	665	986	1 360	1 735	2 174	2 613
20	Prop-Dom 20 Amp PP: No fixed20	0	133	266	532	798	1 119	1 493	1 868	2 307	2 747
20	Prop-Dom ≤ 20 Amp20	429	558	688	946	1 205	1 463	1 722	1 980	2 238	2 497
30	Prop-Dom ≤ 20 Amp30	605	735	864	1 122	1 381	1 639	1 898	2 156	2 415	2 673
40	Prop-Dom ≤ 20 Amp40	781	911	1 040	1 298	1 557	1 815	2 074	2 332	2 591	2 849
50	Prop-Dom ≤ 20 Amp50	958	1 087	1 216	1 475	1 733	1 991	2 250	2 508	2 767	3 025
60	Prop-Dom ≤ 20 Amp60	1 134	1 263	1 392	1 651	1 909	2 168	2 426	2 685	2 943	3 201
120	Prop-Dom ≤ 20 Amp120	2 191	2 320	2 449	2 707	2 966	3 224	3 483	3 741	4 000	4 258
Amps	**CHANGE IN REVENUE**	kWh/m	50	100	200	300	400	500	600	700	800
20.00	Prop-Dom Indigent20 to Prop-Dom Indigent20	0	0	9	26	44	64	89	114	142	171
20.00	Prop-Dom 20 Amp PP: No fixed20 to Prop-Dom 20 Amp PP: No fixed20	0	9	17	35	52	73	98	122	151	180
20.00	Prop-Dom 20 Amp PP: No fixed20 to Prop-Dom ≤ 20 Amp20	429	434	439	449	458	417	326	234	82	-70
20.00	Prop-Dom ≤ 20 Amp20 to Prop-Dom ≤ 20 Amp20	18	35	42	56	71	68	49	30	-10	-49
30.00	Prop-Dom ≤ 20 Amp30 to Prop-Dom ≤ 20 Amp30	84	101	108	123	137	135	116	96	57	17
40.00	Prop-Dom ≤ 20 Amp40 to Prop-Dom ≤ 20 Amp40	151	167	175	189	204	201	182	163	123	84
50.00	Prop-Dom ≤ 20 Amp50 to Prop-Dom ≤ 20 Amp50	217	234	241	255	270	268	248	229	190	150
60.00	Prop-Dom ≤ 20 Amp60 to Prop-Dom ≤ 20 Amp60	284	300	307	322	336	334	315	295	256	217
120.00	Prop-Dom ≤ 20 Amp120 to Prop-Dom ≤ 20 Amp120	682	698	706	720	735	732	713	694	654	615
-	to										
Amps	**CHANGE %**	**0**	**50**	**100**	**200**	**300**	**400**	**500**	**600**	**700**	**800**
20.00	Prop-Dom Indigent20 to Prop-Dom Indigent20	0.0%	0.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
20.00	Prop-Dom 20 Amp PP: No fixed20 to Prop-Dom 20 Amp PP: No fixed20	0.0%	0.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
	Prop-Dom 20 Amp PP: No fixed20 to Prop-Dom ≤ 20 Amp20		326.2%	164.9%	84.3%	57.4%	37.3%	21.8%	12.5%	3.6%	-2.5%
20.00	Prop-Dom ≤ 20 Amp20 to Prop-Dom ≤ 20 Amp20	4.4%	6.6%	6.5%	6.3%	6.2%	4.9%	2.9%	1.5%	-0.4%	-1.9%
30.00	Prop-Dom ≤ 20 Amp30 to Prop-Dom ≤ 20 Amp30	16.2%	15.9%	14.3%	12.3%	11.0%	9.0%	6.5%	4.7%	2.4%	0.7%
40.00	Prop-Dom ≤ 20 Amp40 to Prop-Dom ≤ 20 Amp40	23.9%	22.5%	20.2%	17.0%	15.0%	12.5%	9.6%	7.5%	5.0%	3.0%
50.00	Prop-Dom ≤ 20 Amp50 to Prop-Dom ≤ 20 Amp50	29.3%	27.4%	24.7%	21.0%	18.5%	15.5%	12.4%	10.0%	7.4%	5.2%
60.00	Prop-Dom ≤ 20 Amp60 to Prop-Dom ≤ 20 Amp60	33.4%	31.2%	28.3%	24.2%	21.4%	18.2%	14.9%	12.4%	9.5%	7.3%
120.00	Prop-Dom ≤ 20 Amp120 to Prop-Dom ≤ 20 Amp120	45.2%	43.1%	40.5%	36.2%	32.9%	29.4%	25.7%	22.8%	19.6%	16.9%

Commercial Customers

Commercial consumers will experience an impact lower than the average if they maintain high consumption relative to low capacity. Conversely, those with high capacity and low consumption levels will see an impact that exceeds the average.

Table 9: Commercial Tariff Impact

Comme	2025/2026 to 2026/2027												
RESTRUCTURED WITHO		Basic	Capacity	Energy									
Existing Tariff	Capacity Amps	Per month R/m	Per A (installed) R/A/m	R/kWh c/kWh	Block 1 size kWh/m								
Commercial		313.711	16.136	2.751	100000.00								
Proposed													
Commercial		89.82	25.90	2.58	100000.00								
IMPACT: TOTAL IMPACT		kWh/m	200										
Amps	EXISTING REV	0	200	400	600	800	1000	1200	1400	1600	1800	2000	2200
30	Existing Tariff 30	798	1 348	1 898	2 448	2 999	3 549	4 099	4 649	5 200	5 750	6 300	6 850
40	Existing Tariff 40	959	1 509	2 060	2 610	3 160	3 710	4 261	4 811	5 361	5 911	6 461	7 012
50	Existing Tariff 50	1 121	1 671	2 221	2 771	3 321	3 872	4 422	4 972	5 522	6 073	6 623	7 173
60	Existing Tariff 60	1 282	1 832	2 382	2 933	3 483	4 033	4 583	5 133	5 684	6 234	6 784	7 334
120	Existing Tariff 12	2 250	2 800	3 351	3 901	4 451	5 001	5 551	6 102	6 652	7 202	7 752	8 303
	to												
Amps	PROPOSED REVENUE												
30	Proposed 30	867	1 383	1 899	2 416	2 932	3 448	3 965	4 481	4 997	5 514	6 030	6 546
40	Proposed 40	1 126	1 642	2 158	2 675	3 191	3 707	4 224	4 740	5 256	5 773	6 289	6 805
50	Proposed 50	1 385	1 901	2 417	2 934	3 450	3 966	4 483	4 999	5 515	6 032	6 548	7 064
60	Proposed 60	1 644	2 160	2 676	3 193	3 709	4 225	4 742	5 258	5 774	6 291	6 807	7 323
120	Proposed 120	3 198	3 714	4 230	4 747	5 263	5 779	6 296	6 812	7 328	7 845	8 361	8 877
	//												
Amps	CHANGE IN REVENUE												
30	Existing Tariff 30	69	35	1	-33	-67	-101	-134	-168	-202	-236	-270	-304
40	Existing Tariff 30	328	294	260	226	192	158	125	91	57	23	-11	-45
50	Existing Tariff 30	587	553	519	485	451	417	384	350	316	282	248	214
60	Existing Tariff 30	846	812	778	744	710	676	643	609	575	541	507	473
120	Existing Tariff 30	2 400	2 366	2 332	2 298	2 264	2 230	2 196	2 163	2 129	2 095	2 061	2 027
Amps	CHANGE %	-	200	400	600	800	1 000	1 200	1 400	1 600	1 800	2 000	2 200
30	Existing Tariff 30	8.6%	2.6%	0.1%	-1.3%	-2.2%	-2.8%	-3.3%	-3.6%	-3.9%	-4.1%	-4.3%	-4.4%
40	Existing Tariff 30	34.2%	19.5%	12.6%	8.7%	6.1%	4.3%	2.9%	1.9%	1.1%	0.4%	-0.2%	-0.6%
50	Existing Tariff 30	52.4%	33.1%	23.4%	17.5%	13.6%	10.8%	8.7%	7.0%	5.7%	4.6%	3.7%	3.0%
60	Existing Tariff 30	66.0%	44.3%	32.7%	25.4%	20.4%	16.8%	14.0%	11.9%	10.1%	8.7%	7.5%	6.4%
120	Existing Tariff 30	106.7%	84.5%	69.6%	58.9%	50.9%	44.6%	39.6%	35.4%	32.0%	29.1%	26.6%	24.4%

Time-of-Use Tariff Impact

The impact is based on peak and off-peak consumption profiles.

Table 10: Time-of-Use Tariff Impact

TOU TARIFF IMPACT STUDY		IMPACT SUMMARY							
	Voltage	Old to New TOU		Annual	Monthly				
IMPACT	Voltage	Old to New TOU	Diff %	LF	LF	Energy cost	kWH	c/kWh	Highest M
Andys Fresh StopReadingDate	LV	169 590	14,87%	16,9%	50,7%	731 036	307 292	237,90	208
ChicoryReadingDate	MV	(1 021 787)	-42,74%	8,2%	24,7%	1 356 298	588 065	230,64	814
Damant LodgeReadingDate	LV	94 612	14,01%	12,1%	36,2%	385 882	150 050	257,17	142
Glomor NineReadingDate	LV	17 703	15,82%	6,8%	20,4%	43 025	18 069	238,11	30
Heritage MallReadingDate	MV	945 730	18,34%	13,8%	41,3%	3 660 956	1 517 793	241,20	1 258
HospitalReadingDate	LV	296 269	15,45%	14,9%	44,7%	1 180 359	486 777	242,48	373
Inyama RamaReadingDate	LV	151 874	18,72%	14,6%	43,8%	493 729	204 344	241,62	160
Nu Water RO PlantReadingDate	LV	509 886	14,96%	16,3%	49,0%	2 144 146	932 113	230,03	652
R.O. Main PlantReadingDate	MV	553 004	21,31%	6,4%	19,1%	1 304 165	545 263	239,18	980
R72 MotorsReadingDate	LV	146 914	13,61%	19,2%	57,6%	719 798	306 838	234,59	183
SAPSReadingDate	LV	33 877	11,83%	11,4%	34,3%	155 228	61 402	252,81	61
Settlers NewReadingDate	LV	565 811	16,85%	9,0%	27,0%	1 685 465	671 182	251,12	851
Settlers OldReadingDate	MV	682 388	15,18%	12,4%	37,2%	3 102 494	1 237 957	250,61	1 141
SparReadingDate	LV	396 551	16,48%	13,8%	41,5%	1 458 986	588 161	248,06	485
St. AndrewsReadingDate	LV	320 707	14,34%	13,9%	41,8%	1 348 953	550 665	244,97	451
StendenReadingDate	LV	143 087	15,98%	9,8%	29,4%	463 113	186 051	248,92	217
Thornhill HallReadingDate	LV	14 326	9,13%	15,7%	47,0%	91 163	39 159	232,80	29
WimpyReadingDate	LV	91 936	15,99%	9,4%	28,1%	299 496	111 094	269,59	135
Grand Total	-	4 112 479	**12,20%**						

DOMESTIC CUSTOMERS

Scale 1: DOMESTIC CREDIT & PREPAID ≤20 Amp Single Phase (PP & Credit meters) Applicable to all bona fide domestic consumers with capacity smaller or equal to 20 Amps single phase in RDP and informal areas only	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Block 1 (0–50) kWh	248.74	266.15	7%	266.15	7%	*The proposed 7% increase is recommended to bolster the municipality's financial sustainability and support essential revenue recovery efforts.*
Block 2 (51–350) kWh	248.74	266.15	7%	266.16	7%	*The proposed 7% increase is recommended to bolster the municipality's financial sustainability and support essential revenue recovery efforts.*
Block 3 (351–600kWh)	350.09	374.60	7%	374.60	7%	*The proposed 7% increase is recommended to bolster the municipality's financial sustainability and support essential revenue recovery efforts.*
Block 4 (>600 kWh)	410.53	439.26	7%	439.26	7%	*The proposed increase of 7% is recommended to bolster the municipality's financial sustainability and support essential revenue recovery efforts.*

Domestic Credit & Prepaid =>20 Amp Single Phase Prepaid and Credit	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Block 1 (0–50) kWh	225.53	258.47	14.6%	258.47	14.6%	*A proposed increase of 14.6% is recommended as this represents the final phase of the planned adjustments, ensuring the rates are fully aligned with the results of the COS study.*
Block 2 (51–350) kWh	243.95	258.47	6.0%	258.47	6.0%	*The average increase of 6.0% is recommended to bolster the municipality's financial sustainability and support essential revenue recovery efforts.*
Block 3 (351–600kWh)	277.74	258.47	-6.9%	258.47	-6.9%	*The decrease of -6.9% is recommended for customer affordability.*
Block 4 (>600 kWh)	297.88	258.47	-13.2%	258.47	-13.2%	*The decrease of -13.2% is recommended for customer affordability.*
Basic Charge (R/meter/month)	191.61	76.91	-59.9%	76.91	-59.9%	*A -59.9% decrease is proposed for Block 1, specifically designed to prioritize customer affordability and is therefore recommended for consideration.*
Capacity Charge (R/Amp/phase/ month)	10.97	17.61	60.5%	17.61	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average increase is recommended. A significant number*

						of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users. *It is also required to align with changes in the Eskom tariff.* *The average impact of this increase results in 9.13%.*

Scale 3: Commercial Credit and Prepaid	**2025/26 Approved**	**2026/27 Recommended**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/meter/month)	313.71	89.82	-71.4%	89.82	-71.4%	*A -71.4% decrease in the basic charge is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration*
Capacity Charge (R/Amp/phase/ month)	16.14	25.90	60.5%	25.90	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average increase is recommended. significant number of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users. It is also required to align with changes in the Eskom tariff.* *The average impact of this increase results in 9.13%*

Energy Charge	275.11	258.16	-6.2%	258.16	-6.2%	*The -6.2% decrease in the energy charge is proposed, specifically designed to prioritize customer affordability and is therefore recommended for consideration*

Scale 7: Time-of-Use LV	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/meter/month)	904.92	512.17	-43.14	512.17	-43.14%	*A -43.14% decrease in the basic charge is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration.*
Access Charge: Highest of notified or actual MD	96.48	154.86	60.5%	154.86	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average increase is recommended. A significant number of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users. The average impact of this increase results in 9.13%.*
Demand Charge (R/kVA): Peak & Standard only	199.88	182.76	-8.6%	182.76	-8.6%	*A -8.6% decrease in demand charge is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration.*

Energy Charge (c/kWh): High Demand (June – August) Peak Standard Off Peak	 916.23 287.36 200.26	 817.78 288.89 183.90	 -10.7% 0.5% -8.2%	 817.78 288.89 183.90	 -10.7% 0.5% -8.2%	*The proposed average increases are recommended for approval, as the upward adjustments in certain categories are balanced by reductions in others. This offsetting structure ensures a more equitable distribution of costs while maintaining overall stability*.

Low Demand (September – May) Peak Standard Off Peak	307.03 214.51 155.08	306.54 229.40 1677.08	-0.2% 6.9% 7.7%	306.54 229.40 167.08	-0.2% 6.9% 7.7%	*The proposed average increases are recommended as the upward adjustments in certain categories are balanced by reductions in others. This offsetting structure ensures a more equitable distribution of costs while maintaining overall stability*.
Reactive Energy Charge (R/kVarh): >85%PF per hour (Peak & Standard)	0.2081	0.3340	60.5%	0.3340	60.5%	*To ensure the municipality can continue to maintain a reliable power network, 60.5% average increase is recommended. significant number of customers are transitioning to solar without moving to SSEG tariffs, this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users*. *The average impact of this increase results in 9.13%*

Scale 7: Time-of-Use MV	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/meter/month)	1186.08	1054.42	-11.1%	1054.42	-11.1%	*A -11.1% decrease in the basic charge is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration.*
Access Charge: Highest	65.99	105.91	60.5%	105.91	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average*

of notified or actual MD						*increase is recommended. A significant number of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users.* *The average impact of this increase results in 9.13%.*
Demand Charge (R/kVA): Peak & Standard only	149.86	127.78	-14.7%	127.78	-14.7%	*The -14.7% decrease in the demand charge is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration.*
Energy Charge (c/kWh): High Demand (June – August) Peak Standard Off Peak	 839.89 266.16 183.05	 815.49 286.59 181.60	 -2.9% 7.7% -0.8%	 815.49 286.59 181.60	 -2.9% 7.7% -0.8%	*The proposed average increases are recommended as the upward adjustments in certain categories are balanced by reductions in others. This offsetting structure ensures a more equitable distribution of costs while maintaining overall stability.*
Energy Charge (c/kWh): Low Demand (September – May) Peak Standard Off Peak	 284.23 199.90 144.26	 304.24 227.10 164.79	 7.0% 13.6% 14.2%	 304.24 227.10 164.79	 7.0% 13.6% 14.2%	*The proposed average increases are recommended as the upward adjustments in certain categories are balanced by reductions in others. This offsetting structure ensures a more equitable distribution of costs while maintaining overall stability.*
Reactive Energy Charge (R/kVarh): >85%PF per hour (Peak & Standard)	0.2081	0.3340	60.5%	0.3340	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average increase is recommended. A*

						significant number of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users. *The average impact of this increase results in 9.13%*

Scale 8: Time-of-Use Small: ≤50kVA	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/meter/month): 1-Phase	231.66	116.91	-49.5%	116.91	-49.5%	*A -49.5% decrease in basic charge 1-phase is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration.*
Basic Charge (R/meter/month): 3-Phase	251.66	136.91	-45.6	136.91	-45.6	*A -45.6% decrease in basic charge 3-phase is proposed. It is specifically designed to prioritise customer affordability and is therefore recommended for consideration.*
Capacity Charge (R/Amp/phase/ month): Domestic	10.97	17.61`	60.5%	17.61`	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average increase is recommended. A significant number of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing*

						costs of infrastructure upkeep and grid stability for all users. *The average impact of this increase results in 9.13%.*
Capacity Charge (R/Amp/ phase/month): Commercial	16.14	25.90	60.5%	25.90	60.5%	*To ensure the municipality can continue to maintain a reliable power network, a 60.5% average increase is recommended. A significant number of customers are transitioning to solar without moving to SSEG tariffs; this adjustment is necessary to cover the ongoing costs of infrastructure upkeep and grid stability for all users.* *The average impact of this increase results in 9.13%.*
Energy Charge (c/kWh): High Demand (June – August) Peak Standard Off Peak	 766.03 271.74 173.62	 819.65 290.76 185.77	 7% 7% 7%	 819.65 290.76 185.77	 7% 7% 7%	*The proposed 7% increase is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration.*
Energy Charge (c/kWh): Low Demand (September – May) Peak Standard Off Peak	 288.24 216.14 157.91	 308.41 231.27 168.96	 7% 7% 7%	 308.41 231.27 168.96	 7% 7% 7%	*The proposed 7% increase is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration.*

SCALE 9: SSEG FEED-IN	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**

Energy Credits (c/kWh): High Demand (June – August) Peak Standard Off Peak	 576.16 160.86 114.72	 623.80 174.29 124.35	 8.3% 8.4% 8.4%	 623.80 174.29 124.35	 8.3% 8.4% 8.4%	*The proposed 8.3% and 8.4% increases are designed to strengthen the financial sustainability of the municipality; accordingly, they are recommended for consideration*
Low Demand (September – May) Peak Standard Off Peak	 252.23 151.62 114.72	 273.19 164.29 124.35	 8.3% 8.4% 8.4%	 273.19 164.29 124.35	 8.3% 8.4% 8.4%	*The proposed 8.3% and 8.4% increases are designed to strengthen the financial sustainability of the municipality; accordingly, they are recommended for consideration*

Scale 10: Public Lighting	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Maintenance Charge (R/luminaire/month) luminaire	271.17	290.15	7%	290.15	7%	*The proposed 7% increase is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration*
Energy Charge (c/kWh):	371.90	397.93	7%	397.93	7%	*The proposed 7% increase is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration*

Scale 11: Municipal Usage	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge(R/meter/month)	94.98	101.50	7%	101.50	7%	*The proposed 7% increase is designed to strengthen the*

						financial sustainability of the municipality; accordingly, it is recommended for consideration
Capacity Charge (R/Amp/phase/month)	27.35	29.27%	7%	29.27%	7%	*The proposed 7% increase is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration*
Energy Charge (c/kWh):	272.64	291.72	7%	291.72	7%	*The proposed 7 increase % is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration*

Availability Charge	**2025/26 Approved**	**2026/27 Proposed**	**% Increase**	**Recommended Tariff**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge(R/stand/month)	438.09	468.76	7%	468.76	7%	*The proposed 7% increase is designed to strengthen the financial sustainability of the municipality; accordingly, it is recommended for consideration*

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. From a conspectus of the facts and evidence presented to the REC, the supporting information, stakeholder inputs and applicable legal framework, it is appropriate to consider and approve Ndlambe Local Municipality's tariff application for the 2026/27 financial year as set out in this Reasons for Decision document.

End.