NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Draft Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Applications for the 2026/27 Financial Year

By

Nketoana Local Municipality

THE DRAFT DECISION

At its meeting held on 6 May 2026, the Regulator Executive Committee (REC) considered Nketoana Local Municipality (NLM) tariff application. Based on the facts and evidence presented, REC approved the tariff increases for FY2026/27 set out in below.

Table 1: Summary of the REC Draft Decision

Tariff Category	FY2026/27 Approved % Increase
Domestic Prepaid	10.8%
Domestic Conventional	10.8%
Commercial Conventional: Schools, Government and Old Age Homes (0 – 1000kWh)	10.8%
Commercial Prepaid: Schools, Government and Old Age Homes	10.8%
Commercial Conventional: Schools, Government and Old Age Homes >70kVA	10.8%
Industrial Large Power (400V)	10.8%
Industrial Large Power 11kV	10.8%
Agriculture: Farms Conventional Residential	10.8%

Agriculture: Farms Conventional and Prepaid >70kVA	10.8%
Departmental Use	10.8%

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

a) To approve 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;
b) To note the COS Report submitted by the Municipality;
c) That the municipality must submit a report accounting for all the costs that have been noted in its COS study, to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification/audit process by 31 January 2026; and
d) The licensee is required to submit a quarterly smart efficiency plan with improvement measures identified in reducing high energy losses and submit it by 30 September 2026.

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ABBREVIATIONS

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
LM	Local Municipality
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 for implementation on 1 July of each financial year.

1.2. NLM is a licensee located in the Free State Province, with a total of 4,339 customers dominated by domestic customers (69%), and serving an estimated population of 66,488 residents. NLM's total electricity sales amount to 47 511 978 kWh. The Licensee provides 50 kWh Free Basic Electricity to 2,821 indigent customers.

Table 2: Customer Base and Consumption

	2024/25			
Customer categories	***kWh***	***% kWh***	***Customer numbers***	***% Customer numbers***
Domestic(Prepaid)	**10 098 369**	**21%**	**2 821**	**65%**
Domestic(Conventional)	**100 237**	**0%**	**157**	**4%**
Agriculture	**20 012**	**0%**	**10**	**0%**
Manufacturing	**24 253 656**	**51%**	**72**	**2%**
Commercial Prepaid	**2 026 827**	**4%**	**939**	**22%**
Commercial Conventional	**1 426 597**	**3%**	**317**	**7%**
Street Lighting	**993 703**	**2%**	**0**	**0%**
Own use	**103 980**	**0%**	**1**	**0%**
Sold to other departments	**8 488 597**	**18%**	**22**	**1%**
TOTAL	**47 511 978**	**100%**	**4 339**	**100%**
Free Basic Electricity	**1 050 900**	**10%**	**2 821**	**100%**

1.3. NERSA received NLM's tariff application together with its COS study on 21 March 2026.

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

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

1.6. NERSA's decision was taken on 6 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 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 (ERTSA) decision and is undertaken annually to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

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

2.1.4. This section provides the legal and policy context within which the Energy Regulator evaluated and determined the municipal electricity tariff application for FY2026/2027.

2.2. Statutory Mandate of the Energy Regulator

2.2.1. NERSA is established as a juristic person in terms of section 3 of the NERA. In terms of section 4 of the NERA, the Energy Regulator as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by the ERA. Section 3 of the ERA 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 the PAJA. Procedural fairness requires that affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

2.4.2. Public participation processes conducted by 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 of the EPP states that electricity tariffs must reflect the efficient cost of rendering electricity services accurately and that the average level of tariffs must be set to recover the approved revenue requirement.

2.6. COS 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 of the EPP therefore requires electricity distributors to undertake COS studies at least every five years, or when significant structural changes occur in the customer base or cost structure.

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

2.7. Judicial Oversight of the Tariff Approval Process

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

2.7.2. In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process relating to the FY2025/2026 municipal tariff approvals did not comply with the procedural requirements of section 4 of the 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 set by the Court on 4 December 2025, considering the practical difficulties which arose as it relates to the 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 FY2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

2.8.1. The timelines below are applicable in respect of FY2026/27 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 FY2027/28 are to comply with the following timelines:

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

2.9. Conclusion

2.9.1. The determination of municipal electricity tariffs by the Energy Regulator must therefore be undertaken within a comprehensive regulatory framework consisting of 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 RfD document demonstrate how the Energy Regulator complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for FY2026/2027.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of NLM, the assessment relied on the Distribution forms (D-forms) for FY2024/25 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. NLM's electricity business operated at a percentage deficit of -20.9% in FY2024/25, deteriorating from a deficit of -6.58% in FY2023/24. The deterioration was mainly due to surge in expenses, primarily driven by Eskom debt interest of R28.5 million.

Table 3: Performance Indicators

Performance Indicators: obtained from the D-FORM		
Indicators	**2023/24**	**2024/25**
Percentage surplus/ (Deficit)	-6,58%	-20,29%
Percentage Energy Losses	22,72	9,87

3.3. NLM's energy losses amounted to 9.87% in FY2024/25 from 22.72% in FY2023/24. Energy losses were well maintained in FY2024/25 and have improved to an acceptable level.

Table 4: Energy Losses Analysis

Revenue loss on Energy losses	2024/25
Purchases kWh	55 982 674
Sales kWh	43 261 085
Total Energy losses kWh	12 721 590
Average Selling Price (ASP) (Rands)	2,53
Lost Revenue on Total losses (Rands)	**32 172 346**
Losses @ 12% kWh	6 717 921
Lost Revenue (excluding 12%) (Rands)	**15 183 017**

3.4. Based on the above information, the Municipality's operational and financial performance is not satisfactory despite reduction in losses. The Municipality will be advised to embark on settling Eskom's debt for financial sustainability and follow-ups are required in terms of strategies on how to improve this performance to a better and acceptable level.

4. DETERMINATION OF NLM'S TARIFFS BASED ON THE COS ADJUSTED DATA

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

4.2. NLM utilised the COS study model developed by Sustainable Energy Africa (SEA) to determine its revenue requirements for FY2026/27 and to apportion costs required to service each customer category in a fair and equitable manner. The study follows the NERSA COS framework and utilises the latest available audited data, which is based on FY2024/25.

4.3.

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

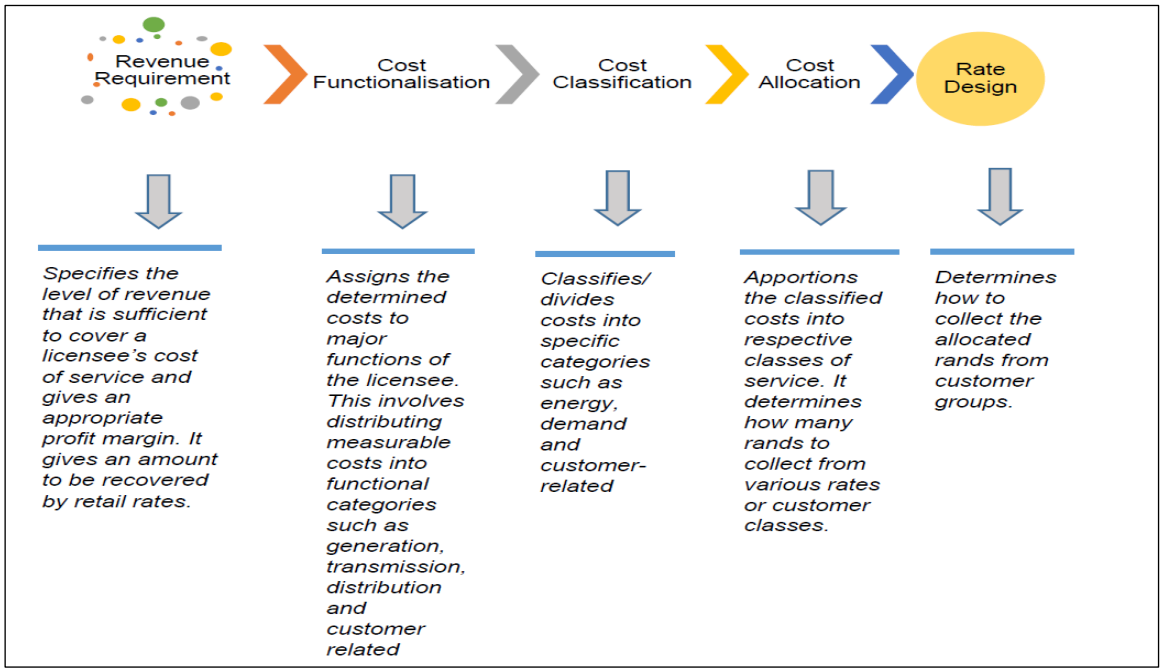


Figure 1: Five steps of COS

4.5. The following steps are undertaken to analyse the cost of supply study:

4.5.1. Revenue Requirement

4.5.1.1. NLM indicated that, to be fully cost reflective, it requires a revenue amounting to R183 million for FY2026/27, Wires (18%) and Retail (82%). This revenue requirement is made up of the following components:

4.5.1.1.1. Eskom Bulk Purchases composes 58% (excluding cost of losses) of the total revenue requirement at an amount of R106.7 million and this is the largest cost driver of the Municipality's electricity department.

4.5.1.1.2. The energy loss allowance of 12% (norm) amounts to R14.1 million. Together with Eskom purchases (58% + 8% = 66%), this comes to R120.8 million, which is the combined share of the total Revenue Requirement

4.5.1.1.3. Operating Expenditure (OPEX) accounts for 33% of the revenue requirement, amounting to R61.3 million. This includes salaries, administration and other costs.

4.5.1.1.4. NLM's COS reflected a surplus of R5.7 million, accounting for 3% of the required revenue.

Table 5: Revenue Requirement components

Revenue Requirement components	Total cost (R) Wires	Retail	Total	% of Total
Allowable costs	32 858 954	150 130 230	182 989 183	100%
Energy purchases from Eskom – net of cost of losses	-	106 736 814	106 736 814	58%
Energy purchases from Eskom – cost of losses	10 837 852	3 271 108	14 108 960	8%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	24 471 435	36 796 765	61 268 200	33%
Other revenues	**- 4 452 252**	**- 321 940**	**- 4 774 192**	**-3%**
Surplus	2 001 918	3 647 483	5 649 401	3%
TOTAL COSTS	**32 858 954**	**150 130 230**	**182 989 183**	
	18%	82%		

4.5.2. **NERSA's adjustment and decision(s)**

Table 6: NERSA Revenue Requirement Adjustment and Decision

	Nketoana Application	NERSA Adjustment	NERSA Decision
Energy purchases from Eskom - net of cost of losses	106 736 814	0	106 736 814
Energy purchases from Eskom - cost of losses	14 108 960	0	14 108 960
Other energy purchases	-	0	-
Capital expenditure	-	0	-
Operational expenditure (incl. Depreciation)	61 268 200	32 697 960	28 570 240
Other revenues	- 4 774 192	0	- 4 774 192
Surplus	5 649 401	1 140 664	4 508 737
Adjusted Revenue Requirement	**182 989 183**	**33 838 624**	**149 150 560**

4.5.3. The efficiency of costs for FY2024/25 has been assessed, as this constitutes the most recent set of actual data. This assessment serves as the baseline for projecting costs for FY2026/27, applying stated assumptions to determine the Revenue Requirement for that period.

4.5.4. All expenses included in the Revenue Requirement have been examined to confirm that they pertain exclusively to the Licensee's electricity business. Where any amounts were found to be inflated or insufficiently substantiated, adjustments have been effected accordingly, as detailed below.

Bulk purchases

4.5.5. NLM applied for bulk purchase expenditure amounting to R120.8 million, representing 66% of total costs. The bulk purchase figures were verified against Eskom invoices for FY2024/25.

4.5.6. To derive the bulk purchase estimate for FY2026/27, the FY2025/26 COS amount was escalated by 9.01%, consistent with the approved ERTSA.

4.5.7. The methodology applied by NLM in forecasting bulk purchase costs is considered reasonable. Accordingly, the bulk purchase expenditure has been recommended for approval as submitted.

Operating Expenditure

4.5.8. NERSA has assessed the Municipality's applied-for operational expenditure, amounting to R61.,3 million, which constitutes approximately 33% of the total cost base, as indicated in Table 3.

4.5.9. Following its evaluation, NERSA resolved to adjust this amount downward by R32.7 million, resulting in an approved OPEX of R28.6 million. This adjustment specifically relates to interest charges incurred on overdue accounts with Eskom for bulk electricity purchases.

4.5.10. The Regulator determined that such costs are not prudent for recovery through tariffs and should therefore not be passed on to consumers. This decision aligns with NERSA's mandate to ensure that only efficient and justifiable costs are included in the tariff structure.

Surplus

4.5.11. NLM applied for a surplus of R5.7 million, derived from a surplus factor of 3% applied to the total OPEX, including bulk electricity purchases, across both the wires and retail components of its electricity business.

4.5.12. However, NERSA found the proposed surplus to be unreasonable, noting that it does not fall within the established benchmark range of 10% to 20%, which is typically considered appropriate for municipal electricity operations.

4.5.13. Consequently, NERSA approved a reduced surplus of R4.5 million, adjusted downward from the requested R5.7 million. This adjustment was primarily driven by identified inefficiencies, particularly costs associated with interest on overdue accounts with Eskom for bulk electricity purchases, which were deemed unsuitable for recovery through tariffs.

4.5.14. **Cost Functionalisation**

4.5.14.1. The Licensee categorised its Revenue Requirement of R183 million into two primary functional components, namely the Wires Business (18%) and the Retail Business (82%), in accordance with the NERSA COS framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components was found to be consistent with the stated RR.

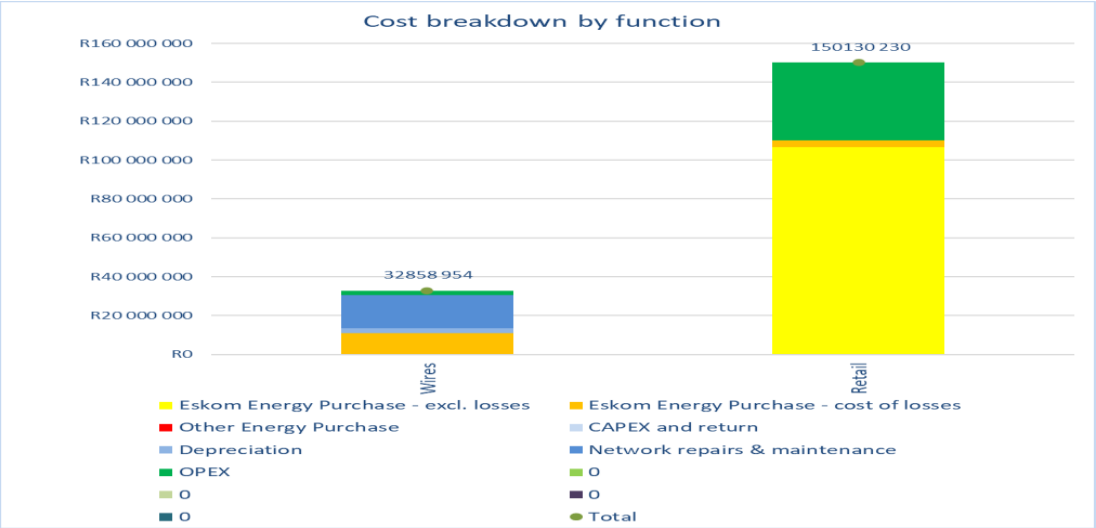


Figure 2: Cost breakdown by functions

4.5.14.2. These costs, upon verification, were found to be 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.

4.5.15. Cost Classification

4.5.15.1. The Licensee classified its costs into energy, demand and customer-related cost components, in accordance with the NERSA COS Framework. Upon verification, these costs were found to align with the revenue requirements and cost functionalisation.

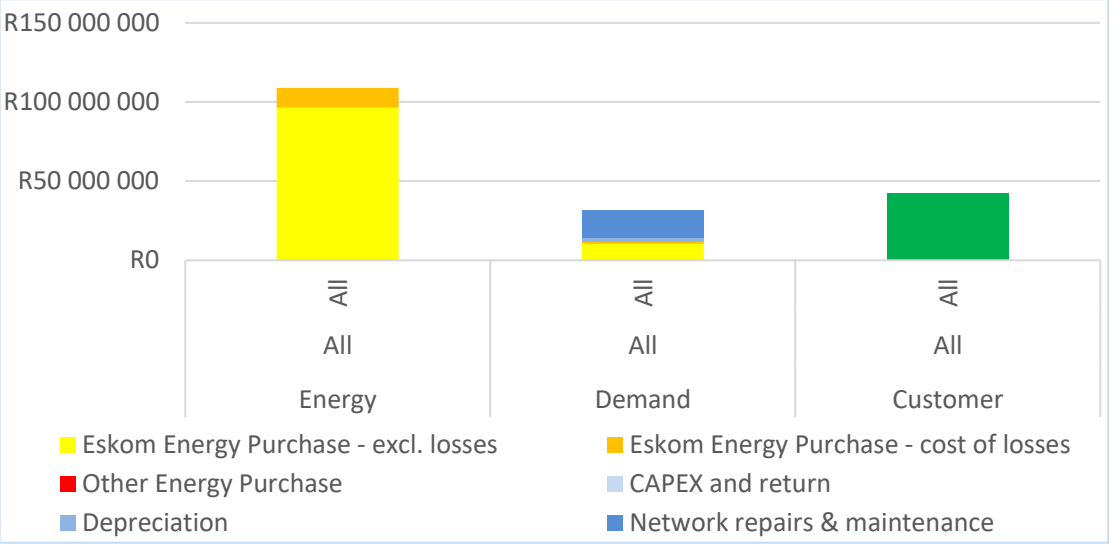


Figure 3: Costs breakdown by cost structure (classification)

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

4.5.16. **Cost Allocation**

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

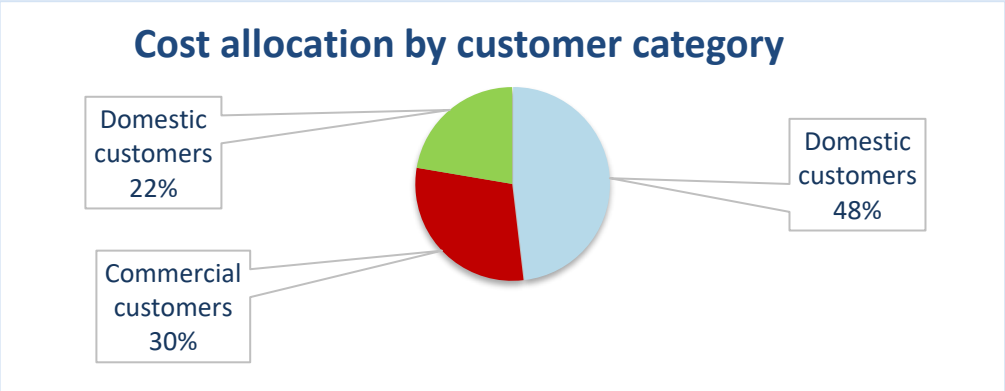


Figure 4: Costs allocation

4.5.17. **Rate Design**

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



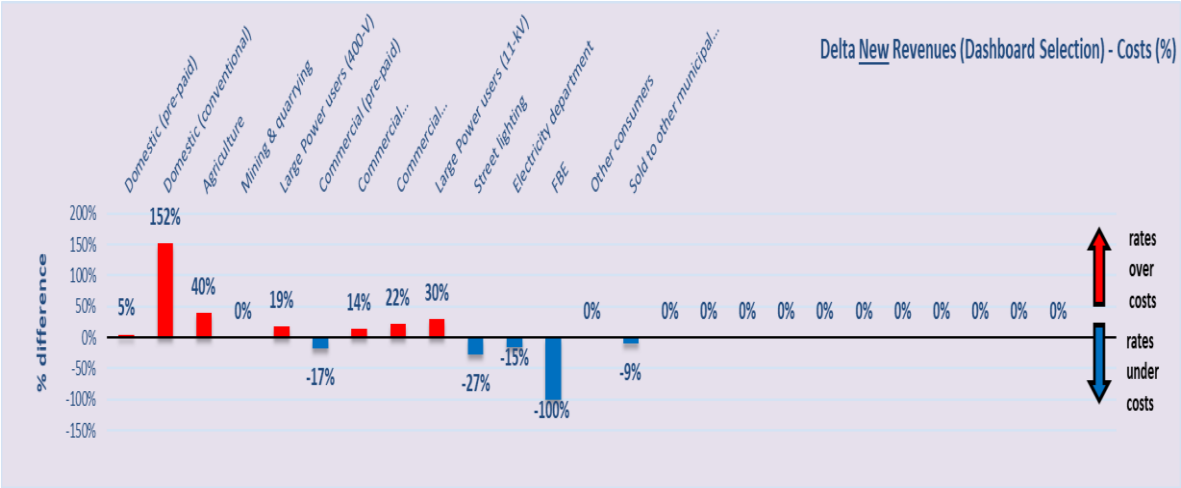


Figure 5: Revenue Recovery by customer category

5. CONCLUSION ON THE NLM'S COS

5.1. The Cost of Supply analysis for NLM indicates an average cost increase of 6.5%, while the corresponding average tariff increase applied by the Municipality is significantly higher at 12.1%.

5.2. NERSA notes this variance as a concern, as tariff adjustments should aligned closely with underlying cost drivers to ensure cost reflectivity and fairness across customer categories.

5.3. Furthermore, the licensee continues to exhibit tariff discrepancies across its customer base, with particular concern noted in the commercial prepaid and domestic conventional segments. These inconsistencies suggest a misalignment in tariff structuring, which may result in cross-subsidisation or inequitable cost recovery between different groups of consumers.

5.4. NERSA, therefore, emphasises the need for the Municipality to rationalise its tariff structures and address these disparities to ensure a more equitable and cost-reflective pricing framework going forward.

Results BEFORE phasing

	BAU	CTS (net of subsidies)	New rates (Dashboard selection)
Total revenue forecast (with new rates)	167 806 987	178 761 330	**188 085 488**
		Delta =	9 324 158
Average increase in rates	**12,1%**		
Average increase in rates to reach overall cost-reflectivity	6,5%		
Share of total cost recovered with the new rates	**105,2%**		
Share of total costs recovered (existing rates)	**93,9%**		

Figure 6: NLM's rate design

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5. Commercial Conventional: Schools, Government and Old Age Homes >70kVA	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge (R/month)	1,296.65	10.8%	1436.69	436.69[1]	10.8%	N/A
Energy charge (c/kWh)	1.87	10.8%	2.07	2.07	10.8%	
Demand charge (R/month)	448.44	10.8%	496.87	496.87	10.8%	

6. Industrial Large Power (400V)	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge R/month)	2,006.35	10.8%	2,223.04	223.04[2]	10.8%	N/A
Energy charge (c/kWh)	1.74	10.8%	1.93	1.93	10.8%	
Demand charge (R/kVA)	516.74	10.8%	572.55	572.55	10.8%	

7. Industrial Large Power 11kV	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge R/month)	2,086.13	10.8%	2,311.43	311.43[2]	10.8%	N/A
Energy charge (c/kWh)	2.19	10.8%	2.43	2.43	10.8%	
Demand charge (R/kVA)	283.62	10.8%	314.25	314.25	10.8%	

8. Agriculture: Farms Conventional Residential	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge (R/month)	576.98	10.8%	639.29	639.29	10.8%	N/A
Energy charge (c/kWh)	4.17	10.8%	4.62	4.62	10.8%	

9. Agriculture: Farms Prepaid Residential	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge (R/month)	545.68	10.8%	604.61	604.61	10.8%	N/A
Energy charge (c/kWh)	4.12	10.8%	4.56	4.56	10.8%	

10. Agriculture: Farms Conventional & Prepaid >70kVA	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge (R/month)	829.82	10.8%	919.44	919.44	10.8%	N/A
Energy charge (c/kWh)	4.13	10.8%	4.58	4.58	10.8%	

11. Departmental Use	*2025/26 Approved*	*2026/27 Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*2026/27 Recommended % Increase*	*Analysis and Key findings*
Basic charge (R/month)	775.44	10.8%	859.19	859.19	10.8%	N/A
Energy charge (c/kWh)	3.4	10.8%	3.77	3.77	10.8%	

9. CONFIDENTIALITY

9.1. None.

10. CONCLUSION

10.1. From a conspectus of the facts and evidence presented to the REC, it is appropriate to consider and approve NLM's tariff application for FY2026/27.

End.