NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Ngwathe Local Municipality

THE DECISION

At its meeting held on 30 April 2026, the Regulator Executive Committee (REC) considered Ngwathe 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
1. EL001 Indigent Residential (Prepaid & Conventional)	11%
2. EL001 Non-Indigent Residential (Prepaid & Conventional)	11%
3. EL002 Business (Prepaid & Conventional)	11%
4. EL003 Smallholdings	11%
5. (EL004, EL012) Bulk Consumers/Telkom Exchange	11%
6. (EL005, EL006) Municipal & Sundry Consumers	11%
7. (EL007) Sports Organisations,	11%
8. (EL008, EL014) Government, Schools and Hostels	11%
9. (EL009, EL010) Industrial (<10kW-29kW)	11%

10. EL011 Industrial > 30kW	11%
11. EL013 Street Lights	11%
12. EL015 Churches	11%
13. EL016 Small Business	11%
14. EL000,EL017 Vacant Stands (Residential, Business and Other)	11%

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;
3. that the municipality must submit a report accounting for all the costs in its COS study, to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification/audit process by 31 January 2027; and
4. that the municipality must submit on a quarterly basis a Specific, Measurable, Achievable, Realistic and Time-bound (SMART) energy losses reduction progress reports to enable NERSA to monitor implementation thereof 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 to be implemented on 1 July of each financial year.

1.2. Ngwathe local municipality is a licensee located in the Free State Province of South Africa, as demonstrated in Table 2 below. This municipality constitutes dominantly domestic customers, who account for 89% of its electricity sales of 116, 270, 200 kWh, and grants a monthly Free Basic Electricity of 50 kWh to 13, 838 indigent customers.

Table 2: Customer base

	2024/25			
Customer categories	***MWh***	***% MWh***	***Customer numbers***	***% Customer numbers***
Domestic(Prepaid)	52 211 019	45%	26 075	57%
Domestic(Conventional)	8 640 512	7%	14 678	32%
Agriculture	1 484 908	1%	5	0%
Manufacturing	21 762 452	19%	28	0%
commercial Prepaid	3 498 068	3%	2 848	6%
Commercial Conventional	15 992 051	14%	1 061	2%
Street Lighting	198 244	0%		0%
Own use	1 105 102	1%	1	0%
Sold to other departments	7 771 359	7%	123	0%
Other Consumers	3 606 485	3%	1 297	3%
TOTAL	**116 270 200**	**100%**	**46 116**	100%
Free Basic Electricity	**18 818 152**	**30,92%**	**13 838**	53%

1.3. NERSA received Ngwathe LM's tariff application together with its Cost of Supply (COS) on 31 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. Ngwathe LM's tariff applications 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.

1.6. NERSA's decision was made on 31 March 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 Proce 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 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 in respect of 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 evaluating the financial and technical performance of Ngwathe LM, 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. Ngwathe LM's electricity business operated at a percentage deficit of -63.1% in the 2024/25 financial year, increasing from a deficit of -59.99% in the 2023/24 financial year. The deficit was mainly due to a surge in expenses driven by Eskom interest and partly repairs and maintenance, together with increasing energy losses.

3.3. Table 3 below reflects Ngwathe LM's energy losses. The municipality's energy losses amounted to 35% in 2024/25 financial year, from 39% in 2023/24 financial year. High energy losses are due to network inefficiencies (technical) and illegal connection, metre bypassing, billing inaccuracy, as well as unattended faulty metres. The total revenue foregone as a result of energy losses in the 2024/25 financial year amounted to R134.3 million.

Table 3: Ngwathe LM Performance indicators

Performance Indicators: Obtainedfrom the D-Form		
Indicators	**2023/24**	**2024/25**
Percentage Surplus(Deficit)	-59.99%	-63.10%
Percentage energy Losses	39%	35%

3.4. Based on the above information, the municipality's operational and financial performance is not satisfactory, and follow-ups are required in terms of strategies on how to improve this performance to a better and acceptable level(s).

4. DETERMINATION OF NGWATHE LM'S TARIFFS BASED ON THE COST OF SUPPLY STUDY

4.1. The process followed in considering and approving Ngwathe LM's tariff application was supported by a Cost of Supply study.

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

4.3.

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

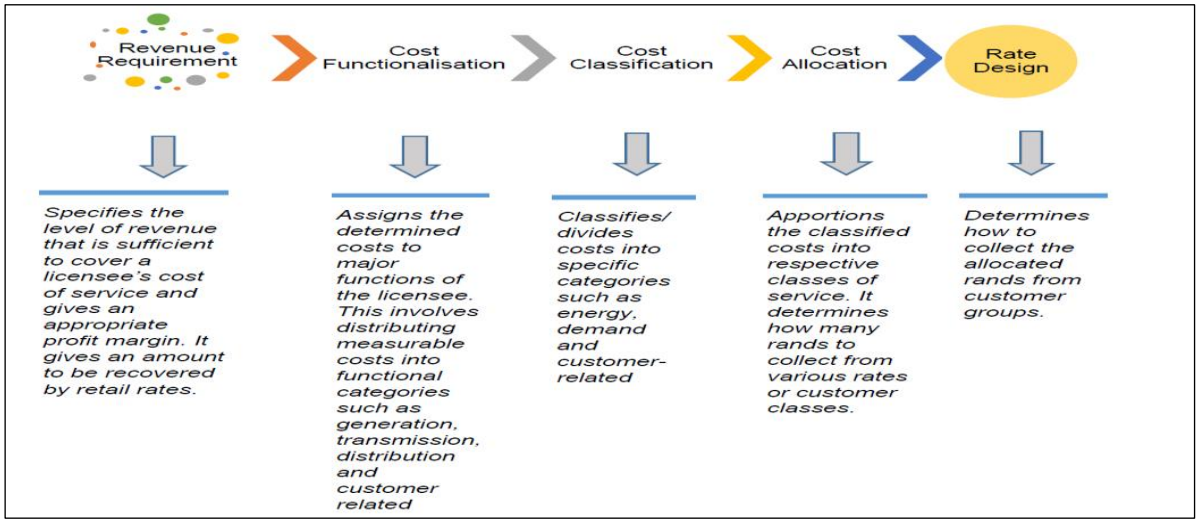


Figure 1: Five steps of COS

4.5. The following steps are undertaken to analyse the Cost of Supply study:

4.5.1. Revenue Requirement

4.5.1.1. In order to be fully cost reflective, the licensee's revenue requirements are R440 million (wires (17%) and Retail (83%)) for the 2024/25 financial year. This revenue requirement is made up of the following components:

a) Eskom Bulk Purchases composes 68% (excluding cost of losses) of total revenue requirement at an amount of R297.2 million and this is the largest cost driver of the municipality's electricity department.

b) Energy Loss Allowance of 12% (norm) amounting to R53.5 million. When combined with Eskom purchases: 68% + 12% = 80% and total of R292.2 million of total revenue requirement.
c) Operational Expenditure (OPEX) 12% of total Value: R51.5 million. This includes Salaries, Maintenance, Repairs, Administration and others.
d) The remaining 12% includes Return on assets and others. It is within the NERSA's COS framework guidelines.

Table 4*:* Revenue Requirement components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	64 172 857	375 800 577	439 973 434	100%
Energy purchases from Eskom - net of cost of losses	-	297 235 042	297 235 042	68%
Energy purchases from Eskom - cost of losses	42 513 579	10 949 365	53 462 944	12%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	16 137 271	35 685 932	51 823 203	12%
Other revenues	- 311 890	- 2 233 450	- 2 545 340	-1%
Surplus	5 833 896	34 163 689	39 997 585	9%
Not allowable costs	27 186 120	67 640 427	94 826 547	
Cost of losses disallowed	27 186 120	67 640 427	94 826 547	
TOTAL COSTS	**91 358 977**	**443 441 004**	**534 799 980**	
	17%	**83%**		

e) The imprudent costs (Notified Maximum Demand and Eskom interest) were eliminated from the COS tool in line with D-Form.
f) The licensee's efficiency and prudency of costs for the 2024/25 financial year have 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.
g) All expenses included in the revenue requirement have been examined to confirm that they pertain exclusively to the licensee's electricity function. Where any amounts were found to be inflated or insufficiently substantiated, adjustments have been effected accordingly, as indicated in section 4.4.1.1.5.

Bulk purchases

4.5.1.2. Ngwathe LM submitted an application for bulk purchase expenditure amounting to R345.7 million, representing 80% of total costs. The bulk purchase figures were verified against Eskom invoices for the 2024/25 financial year.

4.5.1.3. 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).

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

Operational Expenditure

4.5.1.5. Ngwathe LM has applied for operational expenditure totaling R51.8 million, representing 12% of overall costs, as reflected in Table 3 above.

4.5.1.6. The approach adopted by Ngwathe LM in forecasting operational expenditure is considered reasonable, and the amount has therefore been approved as requested. However, inefficient cost components—such as NMD exceedance penalties and interest incurred on Eskom-related debt—have been excluded from the total, as these items fall within the control of the municipality.

Surplus

4.5.1.7. Ngwathe LM has requested a surplus of R40 million, calculated using a surplus factor of 9% applied to operating expenditure, inclusive of bulk purchases, for both the wires and retail components of the business.

4.5.1.8. The surplus proposed by Ngwathe LM is considered slightly insufficient, as it falls below the established target range of 10–20%. This implies that the licensee should scrutinise its operating expenses to enable a tolerable range of surplus.

4.5.1.9. The decision to approve the revenue requirement as submitted will be applied in the subsequent stages, namely Cost Functionalisation, Cost Classification, Cost Allocation, and Rate Setting. These stages have been verified and confirmed to align with the approved revenue requirement. Further detail on these stages is provided below.

4.5.2. Cost Functionalisation

4.5.2.1. The licensee has categorised its revenue requirement of R440 million into two primary functional components, namely the **wires business (17%)** and the **retail business (83%)**, in accordance with the NERSA COS framework, as illustrated in Figure 2 below. Upon verification, the allocation of costs to these functional components is found to be consistent with the stated revenue requirement.

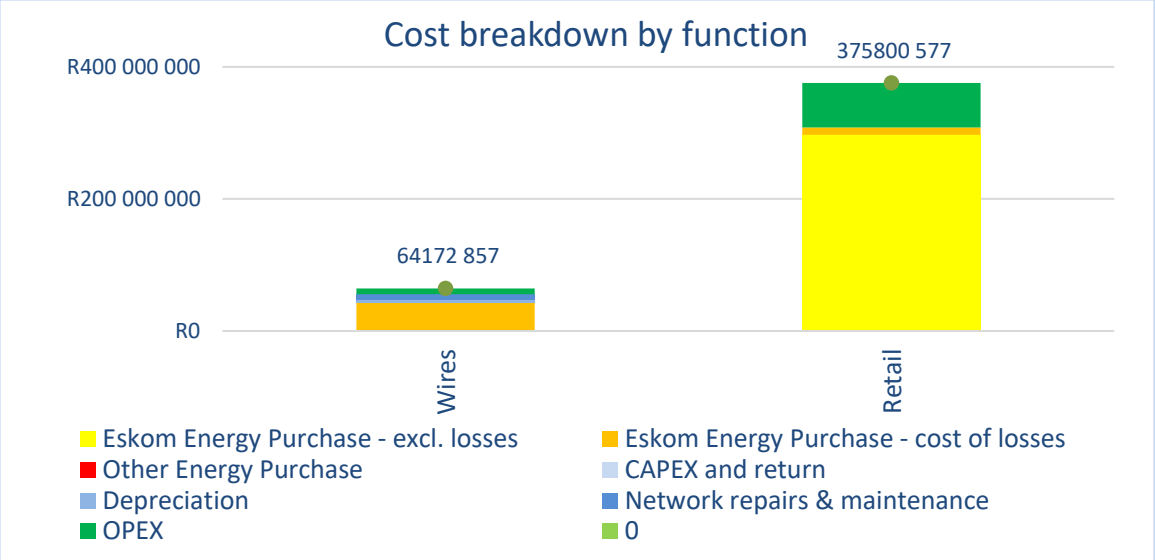


Figure 2: Cost breakdown by function

4.5.2.2. 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

4.5.3. Cost Classification

4.5.3.1. The licensee has classified its costs into energy, demand, and customer-related cost components in accordance with the NERSA COS framework. The costs align with revenue requirements and cost functionalisation upon verification. The licensee has introduced seasonal and time of use for industrial customer for cost reflectivity enhancement.

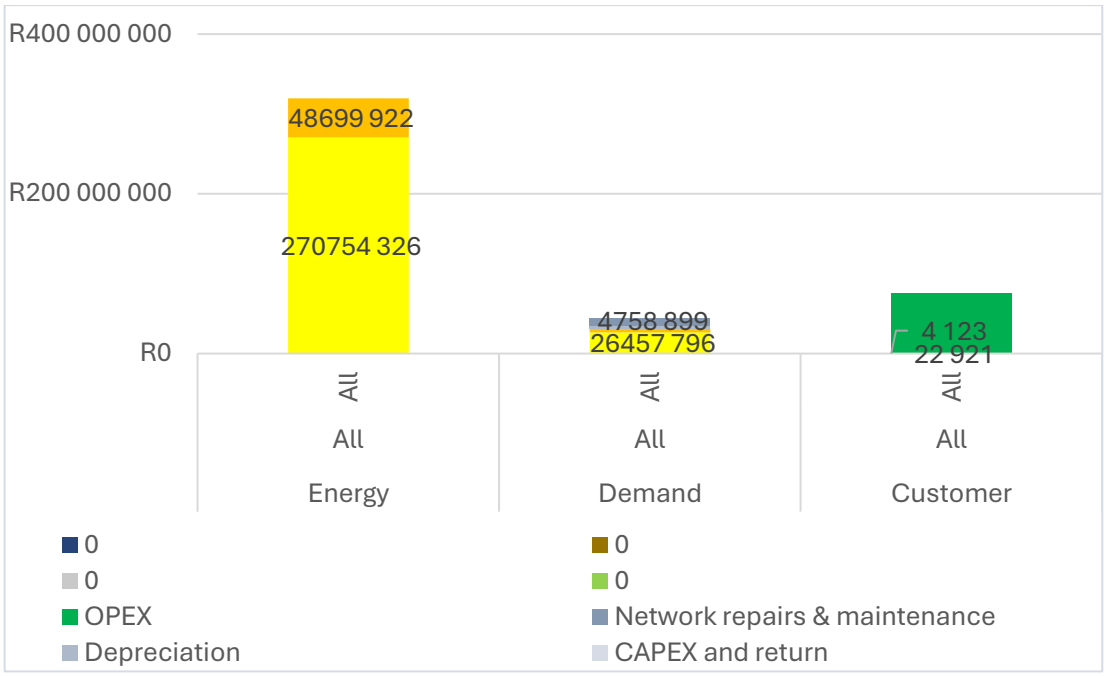


Figure 3: Cost breakdown by cost structure (classification)

4.5.3.2. 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.

4.5.4. Cost Allocation

4.5.4.1. The licensee's revenue requirement is allocated across customer categories in accordance with the NERSA COS framework. Upon verification, the allocation is found to be consistent with the stated revenue requirement and aligned with the principles of cost allocation. For Ngwathe LM 75% of cost are allocated to Domestic customers, this implies that Domestic customers cost the most, followed by Commercial (13%) and then Industrial customers (12%), to service/ supply.

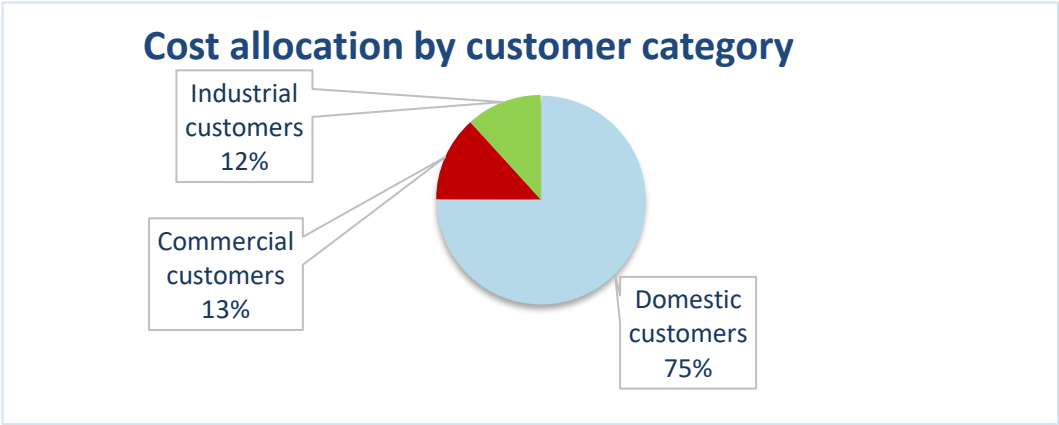
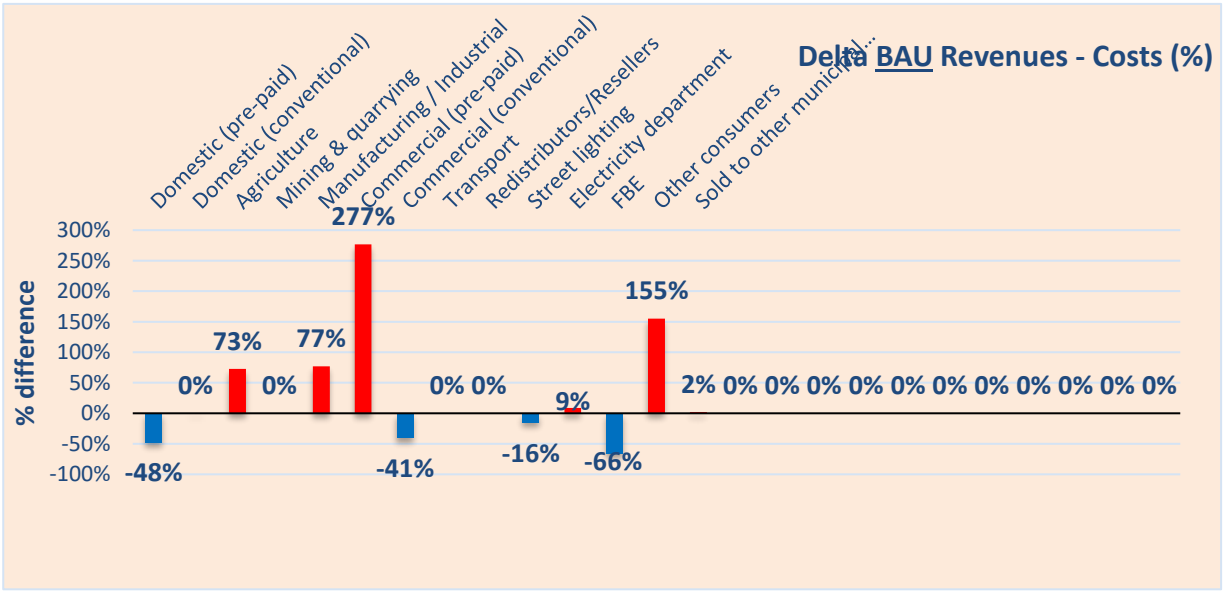


Figure 4: Costs allocated

4.5.5. Rate Design

4.5.5.1. Figure 5 below presents the outcomes of the COS study, indicating that the Domestic, Commercial (Conventional), and Street Lighting customer categories require upward (Increase) adjustments, while Commercial Prepaid, Agriculture, Industrial, and other customer categories warrant decreases. A comparison between the Cost of Supply and the revenue generated per tariff category highlights the extent of over- or under-recovery within each category, as illustrated in Figure 5.

4.5.5.2. To achieve full cost reflectivity, the municipality would be required to implement differentiated tariff adjustments across customer categories. However, the municipality has adopted a less aggressive approach, opting instead for a uniform tariff increase of 11% across all customer categories as per the Rate design outcome from the Cost of Supply



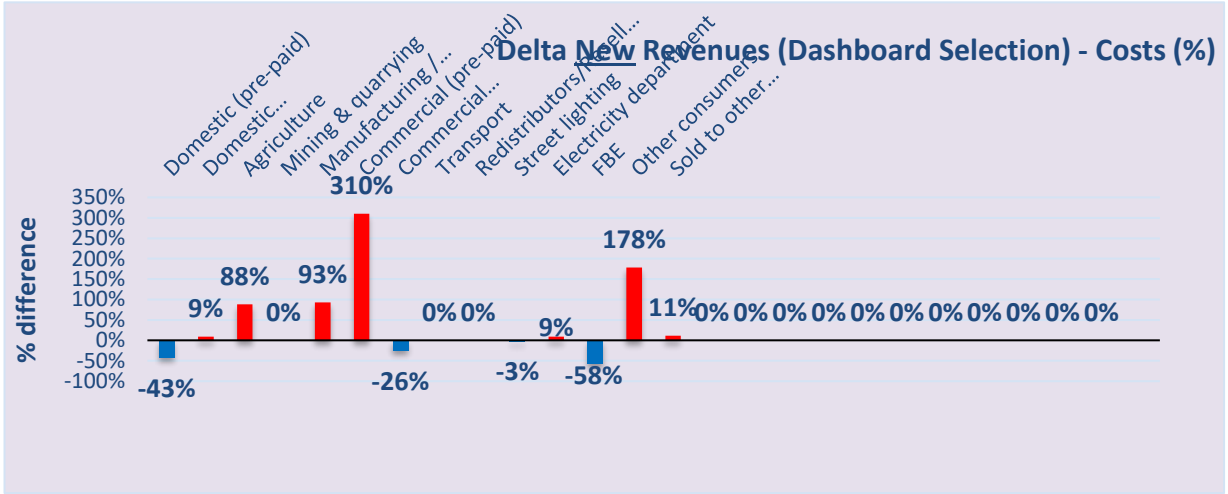


Figure 5: Revenue Recovery by customer category

5. CONCLUSION ON THE COS

5.1. While the outcome of the COS study may indicate an average tariff adjustment of 12.4% for a licensee to achieve full cost reflectivity, a municipality may elect to implement such adjustments on a phased basis, including applying an 11% increase. Introduction of seasonal and time of use tariffs to Industrial and Commercial customers will enhance cost reflectivity.

5.2. This approach may be informed by a range of considerations, including the need to maintain tariff sustainability to support ongoing demand and customer affordability for electricity services. Excessive tariff increases may adversely affect consumption levels, thereby impacting revenue stability due to a price shock to customers.

5.3.

5.4. In addition, the licensee may consider its ability to meet financial obligations, including payments to Eskom, as well as the broader affordability constraints faced by customers, in determining the appropriate trajectory for tariff adjustments.

5.5.

5.6. This approach is intended to safeguard the municipality's revenue base and support its financial sustainability, in line with applicable legislative requirements and customer affordability.

5.7.

5.8. The COS study is based on forecast assumptions and, as such, does not guarantee that the projected outcomes will materialise. Accordingly, the licensee retains the discretion to review the results and determine its own revenue requirements to ensure financial sustainability. In this regard, the municipality will be required to submit a report accounting for all costs that remain unverified.

5.9. The COS study results indicate a required increase of 12.4%, as illustrated in Figure 6 below. However, to mitigate the impact on customers, the licensee has proposed a lower increase of 11%. Based on the available information, the municipality is expected to remain financially sustainable under the proposed tariff increase of 11%.

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6. (EL005,EL006) Municipal & Sundry Consumers	*2025/25 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key findings*
Basic Charge (R/month):	1365,3	11%	1515,48	1515,48	11%	N/A
Energy charge (R/kWh):	3,34	11%	3,71	3,71	11%	N/A

7. (EL007) Sports Organisations,	*2025/25 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key findings*
Basic Charge (R/month):	1394,09	11%	1547,44	1547,44	11%	N/A
Energy Charge (R/kWh):	3,23	11%	3,59	3,59	11%	N/A

8. (EL008, EL014) Government, Schools and Hostels	*2025/25 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key findings*
Basic Charge (R/month):	1604,59	11%	1781,09	1781,09	11%	N/A
Energy Charge (R/kWh):	3,23	11%	3,59	3,59	11%	N/A

9. (EL009,EL010) Industrial (<10kW-29kW)	*2025/25 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key findings*
Basic Charge (R/month):	1550,01	11%	1720,51	1720,51	11%	N/A
Energy Charge (R/kWh):	3,25	11%	3,61	3,61	11%	N/A
SUMMER PERIOD (SEPTEMBER TO MAY)						
Energy charge (R/kWh):						The licensee introduced the seasonal and TOU tariffs to recover revenue and cost reflectivity.
Peak hours				4,72		
Standard hours				2,12		
Off-peak hours				1,67		
Demand Charge (R/KVA)				186,39		
WINTER PERIOD (JUNE TO AUGUST)						
Energy charge (R/kWh):						
Peak hours				7,12		The licensee introduced the seasonal and TOU tariffs to recover revenue and cost reflectivity.
Standard hours				2,95		
Off-peak hours				1,78		
Demand Charge (R/KVA)				186,39		
Reactive energy charge R per kVArh				88,47		

10. EL011 Industrial > 30kW	*2025/25 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*Recommended % Increase*	*Analysis and Key findings*
Basic Charge (R/month):	1553,61	11%	1724,51	1724,51	11%	N/A
Energy Charge (R/kWh):	3,27	11%	3,63	3,63	11%	N/A
SUMMER PERIOD (SEPTEMBER TO MAY)						
Energy charge (R/kWh):						The licensee

Peak hours				4,72		introduced the seasonal and TOU tariffs to recover revenue and cost reflectivity.
Standard hours				2,12		
Off-peak hours				1,67		
Demand Charge (R/KVA)				186,39		
WINTER PERIOD (JUNE TO AUGUST)						
Energy charge (R/kWh):						
Peak hours				7,12		The licensee introduced the seasonal and TOU tariffs to recover revenue and cost reflectivity.
Standard hours				2,95		
Off-peak hours				1,78		
Demand Charge (R/KVA)				186,39		
Reactive energy charge R per kVArh				88,47		

11. EL013 Street Lights	***2025/25 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key findings***
Basic Charge (R/month):	699,27	11%	776,19	776,19	11%	N/A
Energy Charge (R/kWh):	2,59	11%	2,87	2,87	11%	N/A

12. EL015 Churches	***2025/25 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key findings***
Basic Charge (R/month):	594,98	11%	660,43	660,43	11%	N/A
Energy Charge (R/kWh):	3,7	11%	4,11	4,11	11%	N/A

13. EL016 Small Business	***2025/25 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key findings***
Basic Charge (R/month):	815,81	11%	905,55	905,55	11%	N/A
Energy Charge (R/kWh):	3,38	11%	3,75	3,75	11%	N/A

14. EL000,EL017 Vacant Stands (Residential, Business and Other)	***2025/25 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***Recommended % Increase***	***Analysis and Key findings***
Basic Charge (R/month):	256,41	11,00%	284,62	284,62	11%	N/A

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 approve Ngwathe LM's tariff application for 2026/27 financial year.

End