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

Swellendam Local Municipality

THE DECISION

At its meeting held on 9 May 2026, the Regulator Executive Committee (REC) considered Swellendam Local Municipality's tariff application. Based on the facts and evidence presented, the REC approved the tariff increases for the 2026/27 financial year as set out in the Tariff Analysis Section 6 from page 17 of the RfD document.

Based on the available information, public comments and the analysis performed, the REC, at its meeting held on 8 May 2026, decided:

1. to approve the tariffs that are based on the Cost Drivers as recommended in the tariff analysis section for implementation by the municipality with effect from 1 July 2026;

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

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

TABLE OF CONTENTS

THE DECISION....1
ABBREVIATIONS AND ACRONYMS....4
1. INTRODUCTION....5
2. LEGAL AND REGULATORY FRAMEWORK....6
3. FINANCIAL AND TECHNICAL PERFORMANCE....10
4. DETERMINATION OF SWELLENDAM's TARIFFS BASED ON THE COST OF SUPPLY ADJUSTED DATA....11
5. PUBLIC PARTICIPATION....16
6. TARIFF ANALYSIS AND KEY FINDINGS....17
7. CONFIDENTIALITY....34
8. CONCLUSION....34

LIST OF TABLES

Table 1: Customer Statistics (Data obtained from 2024/25 D-forms) 5
Table 2: Performance Indicators 10
Table 3: Revenue Requirement Components 13
Table 4: Tariff Impact per Customer Category 17
Table 5: Municipal Impact 19

ABBREVIATIONS AND ACRONYMS

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

1. INTRODUCTION

1.1. The National Energy Regulator of South Africa (NERSA) receives and considers tariff applications on an annual basis, in accordance with its mandate to regulate prices and tariffs. Municipal tariffs must be approved by NERSA to be implemented on 1 July of each financial year.

1.2. Swellendam Local Municipality (SLM) is situated in the Western Cape. The municipality's customer base is predominantly manufacturing, with this category accounting for 43.42% of total electricity sales. SLM provides qualifying indigent customers with 50 kWh of Free Basic Electricity (FBE) per month and maintains an indigent register. Details of the municipality's customer statistics are set out in Table 1 below.

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

Customer categories	***MWh***	***% MWh***	***Customer numbers***
Domestic Prepaid	16 345	31.67	6 758
Domestic Conventional	3 887	7.53	700
Manufacturing	22 409	43.42	65
Commercial Prepaid	2 181	4.23	305
Commercial Conventional	3 953	7.66	177
Other Consumers	2 833	5.49	136
TOTAL	**51 608**	**100**	**8 141**
Free Basic Electricity (FBE)	**4 619**	**23**	**2 742**

1.3. NERSA received SLM's tariff application on 31 March 2026. The application is based on an existing Cost of Supply (COS) study, valid from the 2024/25 to the 2028/29 financial years.

1.4. SLM implemented a 10.70% average price increase in the 2025/26 financial year and is applying for an average price increase of 9.22% for the FY2026/27.

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

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

1.7. NERSA followed its own public consultation process. On 31 March 2026, NERSA published SM's tariff application on its website, its various social media platforms, as

well as in national and local newspapers, to solicit written comments from affected parties by 21 April 2026.

1.8. NERSA's decision was made on 9 May 2026, taking into consideration the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1 The approval of Municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives and court orders. The principal legal instruments governing the exercise of this regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004) (NERA), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended (the ERA), the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) (PAJA), and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 (EPP).

2.1.2 The approval of municipal electricity tariffs follows the Eskom Multi-Year Price Determination and Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually to align with the municipal budgeting process contemplated in the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

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

2.1.4 This section provides the legal and policy context within which NERSA evaluated and determined the municipal electricity tariff application for the 2026/27 municipal financial year.

2.2. NERSA's Statutory Mandate

2.2.1 NERSA is established as a juristic person in terms of section 3 of the NERA. In terms of section 4 of the NERA, the Energy Regulator, as the decision-making body, must regulate the electricity industry and execute the functions set out in the ERA. The electricity regulatory mandate of the Energy Regulator is therefore primarily governed by the ERA. Section 3 of the ERA particularly provides that the Energy Regulator is the custodian and enforcer of the national electricity regulatory framework and exercises regulatory authority over activities regulated under the ERA.

2.2.2 In particular:

- section 4(a)(i) of the ERA provides that the Energy Regulator must consider applications for licences and may issue licences subject to conditions;
- section 4(a)(ii) of the ERA provides that the Energy Regulator must regulate prices and tariffs; and
- section 14(1)(d) of the ERA authorises the Energy Regulator to impose licence conditions relating to the setting or approval of prices, charges, rates and tariffs charged by licensees.

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

2.3. Tariff Determination Principles under the ERA

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

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

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

2.3.3 These statutory requirements form the core legal principles guiding the determination of electricity tariffs within the South African electricity supply industry.

2.4. Administrative Law Requirements

2.4.1 The approval of municipal electricity tariffs constitutes administrative action as defined in section 1 of PAJA. Accordingly, the Energy Regulator must ensure that its tariff determinations are lawful, reasonable and procedurally fair as required by sections 3 and 6 of PAJA. Procedural fairness requires that affected parties and the public be afforded a reasonable opportunity to make representations before a final decision is taken.

2.4.2 Therefore, public participation processes conducted by NERSA form an essential component of the municipal tariff approval process and are intended to ensure transparency, accountability and fairness in regulatory decision-making.

2.5. Policy Framework: Electricity Pricing Policy (2008)

2.5.1 In addition to the statutory framework, the Energy Regulator must have regard to the EPP. The EPP establishes national policy principles for electricity tariff setting, including cost reflectivity, transparency, economic efficiency and equity.

2.5.2 Policy Position 1 of the EPP provides that the revenue requirement for a regulated licensee must be set at a level that covers the full cost of production, including a reasonable risk-adjusted margin or return on appropriate asset values.

2.5.3 Policy Position 2 of the EPP states that electricity tariffs must reflect the efficient cost of rendering electricity services accurately and that the average level of tariffs must be set to recover the approved revenue requirement.

2.6. Cost of Supply Studies

2.6.1 The EPP recognises that cost-reflective tariff structures require a sound understanding of the underlying cost drivers associated with electricity distribution.

2.6.2 Paragraph 8.1 of the EPP notes that COS methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3 Policy Position 23 therefore requires electricity distributors to undertake COS studies at least every five years, or when significant structural changes occur in the customer base or cost structure.

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

2.7. Judicial Oversight of the Tariff Approval Process

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

2.7.2 In its final judgment delivered on 4 December 2025, the Court held that NERSA's public participation process for the FY2025/26 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

2.7.3 However, recognising the potentially disruptive consequences of setting aside tariff determinations already implemented by municipalities, the Court declined to invalidate the tariffs. Instead, to help ensure municipal tariffs are approved on time and in line with the law, the Court issued a structural interdict to guide the process going forward.

2.7.4 NERSA subsequently launched a variation application, seeking to vary the timelines set by the Court on 4 December 2025, considering the practical difficulties which arose as they relate to NERSA's compliance with the Court Order. The court, having heard NERSA's application, granted the variation application in respect of the fixed deadlines for the FY2026/27 municipal tariff approvals.

2.8. Court-Directed Timelines

2.8.1 The timelines below are applicable in respect of the 2026/27 municipal tariff approvals:

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

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

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

2.9. Conclusion

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

2.9.2 The reasons stated in this document demonstrate how NERSA complied with the legislative, policy and judicial framework in determining the municipal electricity tariff for the 2026/27 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. In evaluating the financial and technical performance of SLM, the assessment relied on the Distribution forms (D-forms) for the 2024/25 financial year submitted as part of the licensee's tariff application. The information contained in the D-forms was verified against the supporting source documents provided by the municipality, including the Trial Balance and Annual Financial Statements (AFS). As a result, the data captured in the D-forms is considered reliable for the purpose of the tariff analysis.

3.2. SLM's electricity business operated at a surplus margin of 15.03%[1] in the 2024/25 financial year, a material upturn from 6.19% in the 2023/24 financial year. This is attributable to the municipality's sales revenue growth of 14.8%, and with its expenditure curbed below this rate during the review period, its financial performance is on an upward curve.

3.3. Table 2 below shows that SLM's energy losses remain constant from 9.08% in the 2023/24 financial year to 9.38% in the 2024/25 financial year. This outstanding reduction is mainly attributable to the licensee's effective operational controls, including its debt collection rate that grew by 7%, which increased billable energy and strengthen revenue recovery.

Table 2: Performance Indicators

PERFORMANCE INDICATORS: OBTAINED FROM D-FORMS		
Performance Indicator	**FY2023/24 (Approved)**	**2024/25 (Actuals)**
Percentage Surplus (Deficit): (%)	6.19	15.03
Percentage Energy Losses: (%)	9.08	9.38

3.4. Based on the above information, SLM's electricity business reflects a resilient performance in the FY2024/25. This strengthening margin highlights improved financial and operational sustainability. Importantly, energy losses are maintained at a constant 9% level, coupled with an improving collection rate, demonstrated strong operational efficiency gains that have helped cushion margin gravity by improving billable electricity and reducing avoidable costs. If cost containment is strengthened, these efficiency gains position SLM well to maintain strong margins and long-term financial viability.

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

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

4.1. The municipality submitted its existing COS study in support of its tariff application approved in the 2026/27 financial year. The municipality's cost of supply study was inclusive of all requirements of NERSA's approved COS framework (i.e. Revenue Requirement, Costs Functionalisation, Costs Classification, Costs Allocation and Rate Setting).

4.2. Policy position 23 states that: *Electricity distributors shall undertake COS studies at least every five years, but at least when significant licensee structure changes occur, such as in customer base, relationships between cost components and sales volumes. This must be done according to the approved NERSA standard to reflect changing costs and customer behaviour. The cost-of-service methodology used to derive tariffs must accompany applications to the regulator for changes to tariff structures.*

4.3. Section 18.7 of the Cost of Supply Framework approved by NERSA in October 2023 states that:

An adjustment index will be issued to licensees to allow them to submit the tariff applications, which will be used to determine the costs that must increase with CPI, purchase costs, and other OPEX. Where annual plans, such as repairs and maintenance, and CAPEX plans, have been assessed and approved by NERSA, these can be adjusted based on that.

4.4. In line with section 18.7 mentioned above, Table 3 below was developed, and the definitions of the columns are as follows:

i. Column 1: represents the budgeted FY2024/25 costs submitted by the licensee as part of the COS revenue requirement and approved for tariff determination in FY2024/25.
ii. Column 2: reflects the actual FY2024/25 financial performance of the licensee, sourced from the D-forms and aligned with the audited annual financial statements.
iii. Column 3.1: indicates the variance between the FY2024/25 approved budgeted figures and the audited actual values;
iv. Column 3.2: expresses the same variance in percentage terms. A positive variance indicates that actual expenditure exceeded the approved budget, while a negative variance indicates underspending relative to the budget. In the latter case, a clawback may be applicable, whereas in the former case, a disbursement may be considered, subject to regulatory assessment.
v. Column 4: reflects the FY2025/26 revenue and electricity volume figures used as the baseline for determining the FY2026/27 tariffs (since at the time of the approval, the figures were estimates) when the Energy Regulator considered and approved the 2026/27 COS base tariffs. Once the 2025/26 financial year

concludes, the actual figures will be verified against the audited annual financial statements.

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

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

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

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

4.5. The Total Allowable Revenue of R137.42 million in column 4 is for the 2025/26 financial year tariff review period and is the basis upon which the tariffs are adjusted for approval by the Energy Regulator, as shown in Table 3 below.

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

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

4.8. In determining the tariff adjustment applicable for the FY2026/27 financial year, the licensee submitted its FY2026/27 cost data, comprising budgeted operating costs plus surplus, as required by NERSA. The total budgeted revenue requirement submitted amounts to R32.43 million for the FY2026/27 tariff review process, with no energy loss adjustment applicable. This results in a 4.12% escalation in allowable revenue for FY2026/27 relative to the previous financial period. The submitted application reflects a modest cost forecasting approach by the licensee, particularly in its operating expenditure. The licensee forecast a substantial upward movement in *other income,* and largely attributes this to a government energy efficiency and demand-side management grant that is expected during the period under review. Revenue from other income streams also modestly increases.

Table 3: Revenue Requirement Components

Energy Balance	Unit	FY2024/25 Budgeted Costs (COS) (1)	FY2024/25 Actual Costs (2)	FY2024/25 Budget to Actual Variance (R) (3.1)	FY2024/25 Budget to Actual Variance (%) (3.2)	FY2025/26 Tariffs per submitted Municipal Budget (4)	FY2026/27 Budgeted Costs as per the Licensee (5)	FY2025/26 to FY2026/27 Variance (%) (6)	NERSA Adjustment (considering efficiencies) (7)	FY2026/27 Allowable Revenue (8)
Sales	kWh	46 171 966	51 608 140	-	12%	45 984 704	55 167 570	20%	-	55 167 570
Eskom bulk purchases	kWh	50 709 600	56 947 673	-	12%	51 194 345	60 623 703	18%	-	60 623 703
Independent Power Producers Conventional	kWh		-	-		-	-		-	-
Independent Power Producers Renewable Energy	kWh		-	-		-	-		-	-
Self Generation	kWh		-	-		-	-		-	-
Other			-	-		-	-		-	-
Total Energy Requirements	**kWh**	**50 709 600**	**56 947 673**	**0**	**12%**	**51 194 345**	**60 623 703**	**18%**		**60 623 703**
Total Losses	kWh		5 339 533			5 209 641	5 456 133			5 456 133
Technical losses	kWh	4 537 634	5 339 533			5 209 641	5 456 133		-	5 456 133
Non-technical losses	kWh	0	0			0	0		0	0
Allowed losses	%	**8.95%**	**9.38%**			**10.18%**	**9.00%**			**9.00%**
Total Energy losses	%	8.95%	9.38%			10.18%	9.00%			9.00%
Cost Drivers										
Energy purchases from Eskom	Rand	111 668 281	116 559 761	4 891 480	4%	121 950 858	146 468 408	17%	-	146 468 408
Other energy purchases			-	-		-	-	0%	-	-
Total energy purchases	Rand	**111 668 281**	**116 559 761**	**4 891 480**	**4%**	**121 950 858**	**146 468 408**	**20%**	**0**	**146 468 408**
Cost of technical losses	Rand	9 992 384	10 928 887	936 503	9%	12 409 969	13 182 156	6%	0	13 182 156
Non-Technical Losses	Rand	0	0	-	0%	0	-	0%	-	-
Other energy purchases	Rand					-	-		-	-
Capital expenditure	Rand	-	-	-	0%	-	-	0%	-	-
Operational expenditure (incl. Depreciation)	**Rand**	**23 144 291**	**22 425 417**	**(439 411)**	**-3%**	**36 666 715**	**29 336 188**	**-20%**	**0**	**29 336 188**
General & Other	**Rand**	**13 822 227**	**13 099 899**	**(442 865)**	**-5%**	**20 016 509**	**16 787 910**	**-16%**	**0**	**16 787 910**
Salaries and allowances	Rand	8 820 029	4 844 063	(3 975 966)	-45%	11 462 724	9 992 356	-13%	-	9 992 356
Materials and supplies	Rand	2 040 564	1 867 658	(172 906)	-8%	2 080 250	1 933 098	-7%	-	1 933 098
Contracted Services	Rand	994 064	339 638	(654 426)	-66%	2 340 004	2 692 324	15%	-	2 692 324
Current year depreciation	Rand	1 688 107	1 794 069	105 962	6%	3 933 731	1 988 216	-49%	-	1 988 216
Repairs and Maintenance	Rand	-	0	0					0	
Shared OPEX	**Rand**	**9 322 064**	**9 325 518**	**3 454**	**0%**	**16 650 206**	**12 548 278**	**-25%**	**0**	**12 548 278**
Bad debts (Allowance for Impairment)	Rand	2 268 750	539 737	(1 729 013)	-76%	12 281 293	3 365 861	-73%	-	3 365 861
Charges from other Municipal Departments	Rand	4 717 351	5 920 455	1 203 104	26%	1 850 000	7 025 567	280%	-	7 025 567
General expenses		**2 335 963**	**2 790 262**	**454 299**	**19%**	**1 638 426**	**2 156 850**	**32%**	**0**	**2 156 850**
Total Expediture before surplus	Rand	144 804 956	149 914 065	5 388 572	4%	171 027 542	188 986 752	**11%**	0	188 986 752
Surplus	Rand	8 688 297	24 585 892	15 897 595	183%	-611 062	8 602 604	**-1508%**	-	8 602 604
Total Expenditure Including Surplus	**Rand**	**153 493 253**	**174 499 957**	**21 286 167**	**14%**	**170 416 480**	**197 589 356**	**16%**	**-**	**197 589 356**
Other Income	Rand	**-16 537 540**	**-33 080 123**	**(16 542 583)**	**0%**	**-32 995 654**	**-20 812 787**	**-37%**	**0**	**-20 812 787**
Reconnection fees	Rand	65 945	42 418	(23 527)	100%	827 853	433 986	-48%	-	433 986
1.Interest Earned + Rent	Rand	2 119 800	171 752	(1 948 048)	-92%	716 256	168 524	-76%	-	168 524
2. Other Revenue - Government Grants and Subsidies	Rand	3 268 018	15 348 435	12 080 417	370%	0	0	#DIV/0!		0
Availability	Rand		1 503 960	1 503 960	#DIV/0!	400 752	1 667 922	316%		1 667 922
Fines	Rand		180 514	180 514	#DIV/0!	0	68 745	#DIV/0!		68 745
5. Other Revenue - Illegal Connections	Rand		-	-		-	-		-	-
Total Allowable Revenue	**Rand**	**136 955 713**	**141 419 834**	**21 286 167**	**3%**	**137 420 826**	**176 776 569**	**29%**	**-**	**176 776 569**
Increase Required							***9.22%***			***9.22%***

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

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

Bulk Purchases

4.11. For the 2026/27 financial year, the licensee has applied for a bulk purchase expenditure of R24.57 million, which accounts for 70% of total costs inclusive of the 12% energy loss allowance. Bulk purchases were verified against Eskom invoices in the 2024/25 financial year.

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

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

Operating Expenditure (including depreciation)

4.14. The licensee seeks an Operational Expenditure of R5.22 million for the 2026/27 financial year including depreciation. This represents 14% of the Total Costs, adjusted upward from R4.94 million in the 2025/26 financial year. This translates to a 5.81% increase from the previous year. The licensee cited a conservative adjustment approach in its budgeting, as it has seen several electricity users getting off the grid in recent times, among other factors.

4.15. The licensee's depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The asset base is valued at approximately R102 million as at FY2024/25, as reported in its D-forms and verified against its audited AFS and supporting financial information. The resulting depreciation and amortization provisions amounted to R1.79 million in FY2024/25, R3.93 million in FY2025/26 and projected at R1.99 million for the 2026/27 financial year.

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

Surplus

4.17. The licensee is projecting a surplus position of R8.60 million for the FY2026/27, which is based on a 5% return on revenue including bulk purchases, and increased significantly by 1,508% from a deficit of R600 thousand relative to Total Expenditure. This outcome has been offset by a combination of an upward movement in other income revenue streams and projected government grants.

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

4.19. SLM utilises its electricity revenue surplus primarily to fund capital projects, maintain infrastructure, and maintain cash-backed reserves to ensure financial sustainability. Surplus funds contribute to the Capital Replacement Reserves (CRR), a ring-fenced reserve specifically for financing future capital projects and the acquisition of assets, infrastructure maintenance and operational sustainability.

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

Conclusion on Costs to Serve

4.21. While the COS study outcome reflected an average tariff increase of 17.26% for the licensee to achieve full cost reflectivity, the municipality adopted a multi-year phase-in approach to implement tariff increases below the COS study outcomes. Some of the considerations for this decision include the licensee's requirement to maintain a sustainable tariff level to drive the demand for its electricity services, as well as addressing affordability concerns.

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

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

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6.1.3 Swellendam Local Municipality's proposed tariff adjustments show that most tariffs will experience moderate increases, generally within the range of approximately 3% to 15%, although some outliers are evident. These percentage adjustments reflect a deliberate move towards improved cost reflectivity, with tariffs that were previously under-recovering costs showing relatively higher increases, while those closer to cost-reflective levels exhibit more moderate adjustments.

6.1.4 The cost reflectiveness column highlights the extent to which each tariff aligns with the underlying cost to serve. Several tariffs remain either significantly under-recovered or over-recovered, as reflected by both negative and positive percentages. The Year 1 adjustments, therefore, represent an initial step in closing these gaps rather than a full correction. This is evident in cases where tariffs still show large deviations from being cost reflective despite the applied increases, confirming that the municipality is implementing a phased approach to tariff restructuring.

6.1.5 From the table, it can be seen that a portion of the cost-reflective gap is being addressed in the first year, as the revenue adjustments (difference between Year 1 and reference revenue) translate into an overall revenue increase of approximately R17.3 million (11.70%) before internal adjustments. This demonstrates progress toward aligning tariffs with actual service costs while managing affordability and limiting tariff shock for customers.

6.1.6 Importantly, when the streetlighting revenue (which is an internal municipal charge) is excluded, the total external impact reduces to 9.09%. This adjustment provides a more accurate reflection of the impact on external customers, as internal charges do not represent an actual cash flow burden on consumers. The 9.09% therefore represents the effective average tariff increase experienced by customers, confirming that while meaningful cost recovery improvements are being made, the increases remain within a controlled and moderate range.

6.1.7 If the proposed adjustments are approved, the municipality will make measurable progress toward improving cost reflectivity while maintaining a manageable average customer impact of 9.09%. This phased approach supports financial sustainability without imposing excessive tariff shocks.

6.1.8 If not approved, existing imbalances in tariff cost recovery will persist, delaying the alignment with COS principles and potentially impacting the long-term financial viability of the service. Alternative measures would then be required to address the under-recovery.

Municipal Impact Analysis

6.1.9 Table 5 below outlines the municipal impact in the event of either approval or rejection of its application.

Table 5: Municipal Impact

Application Item	Assessment
Profile	Mixed rural-urban and moderate income spread.
Proposed Increase	9.22%
Cost of Supply Results	17.26%
Customer Impact	Residential affordability is still protected.
Revenue Impact (Approved)	Will present meaningful revenue recovery, but the under-recovery gap still remains.
Revenue Impact (Rejected)	Would result in tariff structural deficit worsening.
Regulatory Considerations	Gradual tariff realignment is justified.

Clawback / disbursement mechanism

6.20. It is important to note that currently, there is no formal Regulatory Clearing Account (RCA) mechanism for municipalities. Although the FY2024/25 tariffs were set to recover costs based on approved forecasts, the higher actual expenditure resulted in a higher allowable revenue outcome in the year under review. Accordingly, (i) in the absence of a clawback or disbursement mechanism, the FY2024/25 under-recovery cannot be automatically disbursed; and (ii) the impact is addressed through forward-looking tariff determinations, subject to prudency, affordability, and actual cash collection assessments. The proposed 9.22% tariff increase is therefore forward-looking, and not retrospective, as discussed in section 4.6 above.

6.21. **TARIFF ANALYSIS**

1. Domestic - Prepaid, Indigent 1 Phase 20A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	185.80	40.14%	260.40	260.40	40.14%
Block 2 (51 - 350 kWh)	238.40	9.22%	260.40	260.40	9.22%
Block 3 (351 - 600kWh)	337.80	9.22%	368.90	368.90	9.22%
Block 4 (>600 kWh)	398.80	9.22%	435.60	435.60	9.22%

2. Domestic - Normal, Prepaid 1 Phase 0-30A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	185.80	9.22%	218.50	218.50	9.22%
Block 2 (51 - 350 kWh)	238.40	9.22%	264.50	264.50	9.22%
Block 3 (351 - 600kWh)	337.80	9.22%	351.20	351.20	9.22%
Block 4 (>600 kWh)	398.80	9.22%	405.90	405.90	9.22%
Basic Monthly Charge per Meter (R/day)	6.345	9.22%	624.80	624.80	9.22%
Capacity Charge (R per Amp/month)	0.00	New	171.70	171.70	New

3. Domestic - Alternative, Prepaid 1 Phase 1-20A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	302.30	9.22%	330.20	330.20	9.22%
Block 2 (51 - 350 kWh)	320.80	9.22%	350.40	350.40	9.22%
Block 3 (351 - 600kWh)	354.80	9.22%	387.50	387.50	9.22%
Block 4 (>600 kWh)	377.00	9.22%	411.80	411.80	9.22%

4. Domestic - Prepaid 1 Phase 45A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	185.80	9.22%	214.80	214.80	9.22%
Block 2 (51 - 350 kWh)	238.40	9.22%	260.70	260.70	9.22%
Block 3 (351 - 600kWh)	337.80	9.22%	347.60	347.60	9.22%
Block 4 (>600 kWh)	361.70	9.22%	368.40	368.40	9.22%
Basic Monthly Charge per Meter (R/day)	11.63	-6.56%	10.86	10.86	-6.56%
Capacity Charge (R/A/p/m)	0.00	0%	1.721	1.721	0%

5. Domestic - Prepaid 1 Phase 60A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	185.80	9.22%	214.80	214.80	9.22%
Block 2 (51 - 350 kWh)	238.40	9.22%	260.70	260.70	9.22%
Block 3 (351 - 600kWh)	337.80	9.22%	347.60	347.60	9.22%
Block 4 (>600 kWh)	361.70	9.22%	368.40	368.40	9.22%
Basic Monthly Charge per Meter (R/day)	11.63	-6.56%	10.86	10.86	-6.56%
Capacity Charge (R/A/p/m)	0.00	0%	1.721	1.721	0%

6. Domestic - Prepaid 3 Phase 21-60A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	185.80	9.22%	214.80	214.80	9.22%
Block 2 (51 - 350 kWh)	238.40	9.22%	260.70	260.70	9.22%
Block 3 (351 - 600kWh)	337.80	9.22%	347.60	347.60	9.22%
Block 4 (>600 kWh)	361.17	9.22%	368.40	368.40	9.22%
Basic Monthly Charge per Meter (R/day)	15.686	9.22%	16.365	16.365	9.22%
Capacity Charge (R/A/p/m)	0.00	100%	1.721	1.721	100%

7. Domestic - Conventional, 1 Phase 1-30A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	190.10	9.22%	218.50	218.50	9.22%
Block 2 (51 - 350 kWh)	242.70	9.22%	264.50	264.50	9.22%
Block 3 (351 - 600kWh)	342.00	9.22%	351.20	351.20	9.22%
Block 4 (>600 kWh)	404.60	9.22%	405.90	405.90	9.22%
Basic Monthly Charge (R/month)	305.517	-5.61%	288.376	288.376	-5.61%
Capacity Charge (c/A/p/m)	0.00	100%	1.721	1.721	100%

8. Domestic - Conventional, 1 Phase 45A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	190.10	9.22%	218.50	218.50	9.22%
Block 2 (51 - 350 kWh)	242.70	9.22%	264.50	264.50	9.22%
Block 3 (351 - 600kWh)	342.00	9.22%	351.20	351.20	9.22%
Block 4 (>600 kWh)	404.60	9.22%	405.90	405.90	9.22%
Basic Monthly Charge (R/month)	5,906.59	-51.18%	288.376	288.376	-51.18%
Capacity Charge (c/A/p/m)	0.00	100%	1.721	1.721	100%

9. Domestic - Conventional, 1 Phase 60A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Block 1 (0 - 50kWh)	190.10	9.22%	218.50	218.50	9.22%
Block 2 (51 - 350 kWh)	242.70	9.22%	264.50	264.50	9.22%
Block 3 (351 - 600kWh)	342.00	9.22%	351.20	351.20	9.22%
Block 4 (>600 kWh)	404.60	9.22%	405.90	405.90	9.22%
Basic Monthly Charge (R/month)	590.659	-9.00%	537.522	537.522	-9.00%
Capacity Charge (R/A/p/m)	0.00	100%	17.17	17.17	100%

10. Domestic - Conventional, 3 Phase 21-30A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Block 1 (0 - 50kWh)	190.10	9.22%	218.50	218.50	9.22%
Block 2 (51 - 350 kWh)	242.70	9.22%	264.50	264.50	9.22%
Block 3 (351 - 600kWh)	342.00	9.22%	351.20	351.20	9.22%
Block 4 (>600 kWh)	404.60	9.22%	405.90	405.90	9.22%
Basic Monthly Charge (R/month)	782.666	-9.08%	711.584	711.584	-9.08%
Capacity Charge (R/A/p/m)	0.00	N/A	17.17	17.17	N/A

11. Domestic - Conventional, 3 Phase 31-100A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Block 1 (0 - 50kWh)	190.10	9.22%	218.50	218.50	9.22%
Block 2 (51 - 350 kWh)	242.70	9.22%	264.50	264.50	9.22%
Block 3 (351 - 600kWh)	342.00	9.22%	351.20	351.20	9.22%
Block 4 (>600 kWh)	404.60	9.22%	405.90	405.90	9.22%
Basic Monthly Charge (R/month)	1466.486	-10.73%	1309.078	1309.078	-10.73%
Capacity Charge (R/A/p/m)	0.00	N/A	17.21	17.21	N/A

12. Commercial - Prepaid, 1 Phase 30A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Charge: R/day	726.40	-2.93%	705.10	705.10	-2.93%
Energy Charge per Meter (c/kWh)	390.30	0.73%	393.10	393.10	0.73%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

13. Commercial - Prepaid, 1 Phase 60-80A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	***c/kWh***				
Basic Charge: R/day	726.40	-2.93%	705.50	705.50	-2.93%
Energy Charge per Meter (c/kWh)	413.00	-0.01%	413.00	413.00	-0.01%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

14. Commercial - Prepaid, 3 Phase 60-80A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	***c/kWh***				
Basic Charge: R/day	726.40	-2.93%	725.80	725.80	-2.93%
Energy Charge per Meter (c/kWh)	420.10	-0.01%	419.10	419.10	-0.01%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

15. Commercial - Conventional, 1 Phase 20-30A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	***c/kWh***				
Basic Monthly Charge (R/month)	441.64	-0.08%	448.611	448.611	-0.08%
Energy Charge per Meter (c/kWh)	320.60	-0.22%	362.20	362.20	-0.22%
Capacity Charge (R/A/p/m)	New	N/A	2.168	2.168	N/A

16. Commercial - Conventional, 1 Phase 31-60A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	906.526	-10.26%	813.514	813.514	-10.26%
Energy Charge per Meter (c/kWh)	344.80	2.49%	353.40	353.40	2.49%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

17. Commercial - Conventional, 3 Phase 20-30A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Monthly Charge (R/month)	1,174.079	-10.26%	1,053.585	1,053.585	-10.26%
Energy Charge per Meter (c/kWh)	319.30	3.69%	331.10	331.10	3.69%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

18. Commercial - Conventional, 3 Phase 31-60A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Monthly Charge (R/month)	2,327.881	-11.43%	2,061.732	2,061.732	-11.43%
Energy Charge per Meter (c/kWh)	313.70	3.99%	326.20	326.20	3.99%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

19. Commercial - Conventional, 3 Phase 61-100A	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Monthly Charge (R/month)	3,876.180	-11.91%	3,414.573	3,414.573	-11.91%
Energy Charge per Meter (c/kWh)	313.70	3.99%	326.20	326.20	3.99%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

20. Bulk Supply LV < 1kV (1000V) (Phased in TOU) >70 kVA Networks ≤ 1 kV (≤1 000 V)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	1,344.501	-1.57%	1,323.452	1,323.452	-1.57%
Network Access Charge (R/kVa/month)	420.521	35.79%	58.853	58.853	35.79%
Maximum Demand Charge (R/kVa/m)	43.441	-6.55%	392.978	392.978	-6.55%
Energy Charge per Meter (c/kWh)					
High Demand (June to August):					
Peak	167.40	84.10%	308.40	308.40	84.10%
Standard	167.40	15.76%	193.90	193.90	15.76%
Off-peak	167.40	8.17%	181.20	181.20	8.17%
Low Demand (September to May)					
Peak	167.40	30.79%	219.10	219.10	30.79%
Standard	167.40	14.24%	191.30	191.30	14.24%
Off-peak	167.40	8.17%	181.20	181.20	8.17%
Reactive Energy Charge (R/kvarh)	0.00	New	0.352	0.352	New

21. Bulk Supplies - Semi TOU MV 1kV to 22kV)	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Monthly Charge per Meter (R/month)	1,344.501	-1.57%	1,450.801	1,450.801	-1.57%
Network Access Charge (R/kVa/month)	420.521	35.79%	55.577	55.577	35.79%
Maximum Demand Charge (R/kVa/m)	43.441	-6.55%	389.328	389.328	-6.55%
Energy Charge per Meter (c/kWh)					
High Demand (June to August):					
Peak	167.40	83.61%	307.50	307.50	83.61%
Standard	167.40	15.76%	193.10	193.10	15.76%
Off-peak	167.40	8.17%	180.30	180.30	8.17%
Low Demand (September to May)					
Peak	167.40	30.79%	218.20	218.20	30.79%
Standard	167.40	14.24%	190.50	190.50	14.24%
Off-peak	167.40	8.17%	180.30	180.30	8.17%
Reactive Energy Charge (R/kvarh)	0.00	New	0.07	0.07	New

22. Bulk Supplies - TOU LV (>70kVA)	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Monthly Charge per Meter (R/month)	1,344.501	-1.57%	1,323.452	1,323.452	-1.57%
Network Access Charge (R/kVa/month)	78.039	35.79%	74.113	74.113	35.79%
Maximum Demand Charge (R/kVa/m)	60.809	-6.55%	93.730	93.730	-6.55%
Energy Charge per Meter (c/kWh)					
High Demand (June to August):					
Peak	749.50	84.10%	816.90	816.90	84.10%
Standard	239.90	15.76%	257.20	257.20	15.76%

Off-peak	139.00	8.17%	156.30	156.30	8.17%
Low Demand (September to May)					
Peak	258.30	30.79%	298.40	298.40	30.79%
Standard	184.50	14.24%	206.20	206.20	14.24%
Off-peak	123.40	8.17%	142.70	142.70	8.17%
Reactive Energy Charge (R/kvarh)	29.80	9.22%	0.07	0.07	9.22%

23. Bulk Supplies - TOU MV 1kV to 22kV)	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	1,344.501	-1.57%	1,450.801	1,450.801	-1.57%
Network Access Charge (R/kVa/month)	78.039	35.79%	70.838	70.838	35.79%
Maximum Demand Charge (R/kVa/m)	60.809	-6.55%	90.080	90.080	-6.55%
Energy Charge per Meter (c/kWh)					
High Demand (June to August):					
Peak	749.50	83.61%	816.10	816.10	83.61%
Standard	239.90	15.76%	256.30	256.30	15.76%
Off-peak	13.90	8.17%	155.40	155.40	8.17%
Low Demand (September to May)					
Peak	258.30	30.79%	297.60	297.60	30.79%
Standard	184.50	14.24%	205.40	205.40	14.24%
Off-peak	123.40	8.17%	141.90	141.90	8.17%
Reactive Energy Charge (R/kvarh)	29.80	New	0.07	0.07	New

24. TOU - Small Customers ≤70kVA	*2025/26 Approved*	*Proposed % Increase*	*2026/27 Proposed*	*2026/27 Recommended*	*% Increase*
Tariff Blocks	*c/kWh*				
Basic Monthly Charge 1 Phase per Meter (R/month)	0.00	New	288.376	288.376	New
Basic Monthly Charge 3 Phase per Meter (R/month)	0.00	New	711.584	711.584	New
Capacity Charge (R/A/p/m): Domestic	0.00	New	1.721	1.721	New
Capacity Charge (R/A/p/m): Commercial	0.00	New	2.168	2.168	New
Energy Charge per Meter (c/kWh)					
High Demand (June to August):					
Peak	0.00	New	811.00	811.00	New
Standard	0.00	New	238.60	238.60	New
Off-peak	0.00	New	175.10	175.10	New
Low Demand (September to May)					
Peak	0.00	New	333.80	333.80	New
Standard	0.00	New	206.90	206.90	New
Off-peak	0.00	New	160.30	160.30	New
Reactive Energy Charge (R/kvarh)	0.00	0.00	0.00	0.00	0.00

25. Streetlights	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Fixed Charge (R/light/m)	0.00	New	1,450.801	1,450.801	New
Energy Charge per light (c/kWh)	316.40	-7.98%	291.20	291.20	-7.98%

26. Sportsgrounds: 0-30A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Sportsgrounds 0-30A (c/kWh)	390.30	10.60%	431.80	431.80	10.60%

27. Sportsgrounds: 31-60A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Sportsgrounds 31-60A (c/kWh)	390.30	10.60%	431.80	431.80	10.60%

28. Showgrounds:	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Showgrounds (c/kWh)	422.90	10.60%	467.80	467.80	10.60%

29. Drostyd Water Mill	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Drostyd Water Mill (c/kWh)	352.64	10.60%	431.8	431.8	10.60%

30. Schools - 1 Phase, 31-60A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	550.031	-8.73%	502.023	502.023	-8.73%
Energy Charge per Meter (c/kWh)	380.40	1.07%	384.50	384.50	1.07%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

31. Schools - 3 Phase, 31-60A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	1,457.470	-65.56%	502.023	502.023	-65.56%
Energy Charge per Meter (c/kWh)	354.90	8.35%	384.50	384.50	8.35%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

32. Schools - 3 Phase, 61-100A	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	3,876.452	-66.43%	1,301.201	1,301.201	-66.43%
Energy Charge per Meter (c/kWh)	317.90	20.91%	384.50	384.50	20.91%
Capacity Charge (R/A/p/m)	0.00	N/A	2.168	2.168	N/A

33. School Sportsgrounds	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
School Sportsgrounds (c/kWh)	390.40	11.79%	436.40	436.40	11.79%

34. Municipal Use - Standard	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Municipal Standard Use (c/kWh)	316.50	37.88%	436.40	436.40	37.88%

35. Municipal Use - Bulk	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Basic Monthly Charge per Meter (R/month)	1,344.501	N/A	Move to TOU	Move to TOU	Move to TOU
Network Access Charge per Meter (c/kWh)	433.41	N/A	Move to TOU	Move to TOU	Move to TOU
Maximum Demand Charge (R/kVA/m)	420.521	N/A	Move to TOU	Move to TOU	Move to TOU
Energy Charge (c/kWh)	167.40	N/A	Move to TOU	Move to TOU	Move to TOU

36. Availability Charge	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Availability (R/stand/month)	333.031	14.85%	363.737	363.737	14.85%

Alternative Energy: SSEG	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
Residential (c/kWh)	New	N/A	0.00	0.00	N/A
Commercial & Other (c/kWh)	New	N/A	0.00	0.00	N/A
Industrial (c/kWh)	New	N/A	0.00	0.00	N/A
Export Tariffs (Date of Implementation to be determined by the Council) - SSEG Charge.					

Time-of-Use: SSEG	***2025/26 Approved***	***Proposed % Increase***	***2026/27 Proposed***	***2026/27 Recommended***	***% Increase***
Tariff Blocks	***c/kWh***				
AMI / Smart Pre-paid Meter			20%		
Additional Basic Charge (R/month)	123.342	-100%	0.00	0.00	-100%
High Demand (June to August):					
Peak	614.80	9.22%	671.50	671.50	8.27%
Standard	186.20	9.22%	203.40	203.40	8.35%
Off-peak	101.20	9.22%	110.50	110.50	8.39%
Low Demand (September to May)					
Peak	200.50	9.22%	219.00	219.00	8.31%
Standard	155.60	9.22%	169.90	169.90	8.35%
Off-peak	87.50	9.22%	95.60	95.60	8.39%
Export Tariff (only on AMI and smart electricity Meters) Discount					
SSEG Export Charge (c/kWh)	0.00	163.10	100%	178.10	100%

7. CONFIDENTIALITY

7.1. None.

8. CONCLUSION

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

End.