NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

Decision and Reasons for Decision (RfD)

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Nama Khoi Local Municipality

THE DECISION

1. At its meeting held on 4 May 2026, the Regulator Executive Committee (REC) considered the Nama Khoi 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 of this document.

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

   2.1. 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;
   2.2. to note the cost drivers submitted by the municipality;
   2.3. that the municipality must submit a report accounting for all the costs noted in its cost drivers to enable the National Energy Regulator of South Africa (NERSA) to perform its independent verification/audit process by 31 January 2027; and
   2.4. that the municipality must submit quarterly SMART energy loss reduction progress reports for NERSA to monitor implementation thereof commencing from 30 September 2026.

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 NAMA KHOI'S TARIFFS BASED ON THE COS ADJUSTED DATA 11
5. PUBLIC PARTICIPATION 15
6. THE OBJECTORS AND OTHER INTERVENING PARTIES 16
7. TARIFF ANALYSIS 17
8. CONFIDENTIALITY 26
9. CONCLUSION 26

TABLE OF TABLES

Table 1: Customer statistics (data obtained from the latest D-forms – 2024/25 FY) 5
Table 2: Performance indicators 10
Table 3: Municipality's revenue requirement 13

ABBREVIATIONS AND ACRONYMS

COS	Cost of Supply
D-form	Distribution form
ERTSA	Eskom Retail Tariff Structural Adjustments
FBE	Free Basic Electricity
IBT	Inclining Block Tariff
IPP	Independent Power Producer
NKLM	Nama Khoi 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), in accordance with its statutory mandate regulate electricity prices and tariffs, assesses tariff applications submitted by licensees on an annual basis. As part of this process, municipal electricity tariffs must be approved by the Energy Regulator prior to implementation, which typically takes effect on 1 July of each financial year.

1.2. The Nama Khoi Local Municipality (NKLM) is located in the Northern Cape and has a total of 8 038 customers. The commercial customer category accounts for 49,61% of total electricity sales, followed by domestic customers at 42.7%. This indicates that, while commercial customers constitute the largest share of electricity sales, domestic customers also make a significant contribution and remain an important customer category within the licensee's overall sales structure.

1.3. The municipality provides Free Basic Electricity (FBE) of 50 kWh per month to registered indigent customers, in line with national policy objectives aimed at ensuring access to basic energy services for low-income households. Detailed customer statistics and consumption patterns are reflected in **Error! Reference source not found.** below.

Table 1: Customer statistics (data obtained from the latest D-forms – 2024/25 FY)

Customer categories	*MWh*	*% MWh*	*Customer numbers*
Domestic(Prepaid)	22 054	37,65%	7 122
Domestic(Conventional)	2 965	5,06%	513
Minning & Quarring	3 500	5,98%	3
Commercial Prepaid	790	1,35%	36
Commercial Conventional	28 267	48,26%	313
other consumers	60	0,10%	3
Inter-departmental	938	1,60%	48
TOTAL	58 574	100,00%	8 038
FBE	4 644	18,56%	3 761

1.4. NERSA received the municipality's tariff application and its cost of supply (COS) study on 31 March 2026.

1.5. The municipality implemented an average price increase of 4.7% in the 2025/26 financial year and is applying for an average price increase of 8.49% for the 2026/27 financial year.

1.6. NERSA followed the notice and comment consultation process. NKLM'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.

1.7. The Energy Regulator's decision was made on 4 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 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 No. 3 of 2000) (PAJA) and the Electricity Pricing Policy for the South African Electricity Supply Industry, 2008 (EPP).

2.1.2. The approval of municipal electricity tariffs follows the Eskom Multi-Year Price Determination and Eskom Retail Tariff and Structural Adjustment decision and is undertaken annually 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 2026/27 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 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 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 is responsible for exercising regulatory authority over all activities regulated in terms of 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. Therefore, public participation processes conducted by the Energy Regulator 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 COS methodologies have historically not been consistently applied across the electricity distribution industry.

2.6.3. Policy Position 23 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 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 seeking to vary the timelines set by the Court on 4 December 2025 in light of practical difficulties that arose in relation 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 financial year municipal tariff approvals:

a) Written notice of bulk tariffs must be communicated by 6 March 2026.
b) Municipal tariff applications must be submitted by 31 March 2026.
c) Public participation processes must be concluded by 21 April 2026.
d) NERSA decisions must be published by 11 May 2026.

2.8.2. Municipal tariff approvals from the 2027/28 financial year must comply with the following timelines:

a) Written notice of bulk electricity tariffs must be communicated by 31 January each year.
b) Municipal tariff applications must be submitted to NERSA by 20 March each year.
c) Municipal tariffs and the tariff reasons for decision documents 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 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 these 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 2026/27 municipal financial year.

3. FINANCIAL AND TECHNICAL PERFORMANCE

3.1. Level of Reliability of Information

3.1.1 In evaluating the financial and technical performance of NKLM, the assessment was based on the 2024/25 Distribution forms (D forms) submitted with the tariff application. The data was verified against supporting documents (e.g. trial balance/annual financial statements) and is therefore considered reliable for tariff analysis purposes.

3.1.2 **Error! Reference source not found.** below shows NKLM's technical and financial performance.

Table 2: Performance indicators

Performance Indicators: Obtained from D-Form		
Financial and Technical Indicators	2023/24	2024/25
Percentage Surplus (Deficit) %	-27,01	-15,51
Percentage Energy Losses %	22,88	12,63

3.2. Percentage Surplus

3.2.1. The municipality recorded a deficit of 15.51% in the 2024/25 financial year, improving from 27.01% in the 2023/24 financial year. This shows some strengthening in the financial position of the electricity business. However, the municipality is still operating at a deficit, meaning revenue is not enough to fully cover operating costs. NERSA notes that this persistent under-recovery is primarily attributable to expenditure growth outpacing revenue increases, thereby continuing to exert pressure on the financial sustainability of the electricity business.

3.3. Energy Losses

3.3.1. NKLM's energy losses declined significantly from 22.88% in 2023/24FY to 12.63% in 2024/25FY, reflecting a substantial improvement in the management and control of both technical and non-technical losses within the electricity network. This reduction indicates enhanced operational efficiency, including improved network maintenance, more accurate metering and billing processes and strengthened interventions to curb electricity theft and illegal connections. Lower energy losses support revenue protection and contribute positively to the financial sustainability of the electricity service.

3.4. General Conclusion on the Financial and Technical Indicators

3.4.1. NERSA notes improved financial and operational performance, including a reduced deficit and lower energy losses. However, the municipality remains in a deficit position, as revenue is insufficient to fully recover costs. The 8.49% increase is below cost-reflective levels and unlikely to address the shortfall. The municipality is therefore required to progressively align tariffs with the cost of supply and implement cost-containment measures to support financial sustainability.

4. DETERMINATION OF NKLM TARIFFS BASED ON THE COS ADJUSTED DATA

4.1. The licensee submitted its existing COS study, which supports its tariff application, which will be approved in the 2026/27 financial year. The licensee's COS study included all requirements of NERSA's approved COS Framework (i.e. revenue requirement, cost functionalisation, cost classification, cost allocation and rate setting).

4.2. Policy position 23 states:

> *Electricity distributors shall undertake COS studies at least every five years, but at least when significant licensee structure changes occur, such as in customer base, relationships between cost components and sales*

volumes. This must be done according to the approved NERSA standard to reflect changing costs and customer behaviour. The cost-of-service methodology used to derive tariffs must accompany applications to the regulator for changes to tariff structures.

4.3. Section 18.7 of the October 2023 NERSA-approved Cost of Supply Framework states:

> *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 definition of the columns is as follows:

i. Column 1 is the actual 2024/25 licensee performance and is sourced from the D-forms that are based on the audited annual statements.
ii. Column 2 is for the 2025/26 revenues and electricity volume that are the base for the 2026/27 tariffs.
iii. Column 3 is for the licensee's submitted FY2026/27 budgeted figures to be tested for reasonableness for determining tariffs for the control period under review.
iv. Column 4 is for NERSA's recommended adjustments after considering the reasons, facts, and evidence the licensee provided to motivate/justify the budgeted figures.
v. Column 5 is for NERSA's recommended amounts that sum up to the allowable revenues the licensee must recover in FY2026/27.

4.5. The total allowable revenue for the 2025/26 tariff review is based on the COS revenue and the sales volumes used to determine the tariffs, as noted by NERSA, as shown in Table 3 below.

4.6. The COS study is applicable for five years; however, municipalities need to reflect the adjustments on their cost drivers for FY2026/27. NERSA used the budgeted figures submitted by the licensee to assess the reasonableness and the licensee's current operational requirements to ensure that the municipality does not over- or under-recover during the 2026/27 tariff review process.

4.7. To determine an increase applicable for the 2026/27 financial year, the licensee submitted its projected costs as requested by NERSA, with a total required revenue of R292 750 191 for the 2026/27 tariff review.

Table 3: Municipality's revenue requirement

Energy balance	Unit	Actual FY 2024/25 Costs	FY2025/26 Tariffs Costs per submitted COS	FY2026/27 budgeted Costs as per the Licensee	NERSA Adjustment (considering efficiencies)	FY2026/27 Allowable Revenue
Sales	kWh	58 574 356	56 677 140	56 677 140	-	56 677 140
Eskom bulk purchases	kWh	67 044 289	66 672 356	66 672 356	-	66 672 356
Independent Power Producers Conventional	kWh		-	-	-	-
Independent Power Producers Renewable Energy	kWh		-	-	-	-
Self Generation	kWh		-	-	-	-
Other			-	-	-	-
Total Energy Requirements	**kWh**	**67 044 289**	**66 672 356**	**66 672 356**		**66 672 356**
Total Losses	kWh	8 469 933	9 995 216	9 995 216		9 995 216
Technical losses	kWh	8 045 315	8 000 683	8 000 683	-	8 000 683
Non-technical losses	kWh	-424 618	-1 994 533	-1 994 533	-	-1 994 533
Allowed losses	%	**12,00%**	**12,00%**	**12,00%**		**12,00%**
Total Energy losses	%	12,63%	14,99%	14,99%		14,99%
Cost drivers						
Energy purchases from Eskom	Rand	137 054 817	161 057 497	175 891 759	-	175 891 759
total energy purchases		**137 054 817**	**161 057 497**	**175 891 759**	**0**	**175 891 759**
Non-Technical Losses		-3 609 118	-8 039 256	-8 779 715		-8 779 715
Operational expenditure (incl. Depreciation)	**Rand**	**27 322 282**	**106 087 321**	**105 601 875**	-	**105 601 875**
Total Expediture before surplus		164 377 099	259 105 562	272 713 919	0	272 713 919
Surplus	Rand	14 943 373	23 555 051	27 476 886	0	27 476 886
Total Expenditure Including Surplus		179 320 472	282 660 613	300 190 805	0	300 190 805
Other revenues	Rand	**-13 953 592**	**-14 379 902**	**-7 440 614**	**0**	**-7 440 614**
2. Other Revenue	Rand	861 034	896 336	972 435	-	**972 435**
Total Allowable Revenus	**Rand**	**165 366 880**	**268 280 711**	**292 750 191**	**0**	**292 750 191**
increase required				*9,12%*	*9,12%*	

4.8. It is important to test the efficiency and prudency of the costs in the 2025/26 financial year since these are the most recently considered revenues in support of the approved tariffs. This forms the basis for projecting costs for the 2026/27 financial year using assumptions to calculate revenue requirements.

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

Bulk Purchases

4.10. The licensee applied for a bulk purchase expenditure of R175 891 759, which accounts for 60% of total costs, inclusive of the energy loss allowance, in line with the ERA, which requires only the prudently and efficiently incurred costs to be passed through to customers.

4.11. To arrive at the 2026/27 financial year estimate, the licensee projected the year-to-date amount for 2025/26, since complete financial year data is unavailable, and then estimated that this cost item would increase by

9.01%, in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.12. The approach NKLM used to forecast bulk purchase costs is considered reasonable. Accordingly, the bulk purchase expenditure is recommended for approval as submitted.

Operating Expenditure (Including Depreciation)

4.13. NKLM applied for operational expenditure amounting to R105 601 875, representing 36% of the total costs for the 2026/27 financial year, as reflected in Table 3 above.

4.14. The licensee utilised recent actual financial data as a basis to project the 2025/26 financial year costs and escalated the 2026/27 financial year costs using assumed cost drivers. NERSA is satisfied that the approach used to forecast operational expenditure is reasonable.

4.15. NERSA notes that the municipality excluded NMD penalty costs from the total cost on the basis that these are within its control and should be recovered directly from the customers responsible for the exceedance.

4.16. It is recommended that the Energy Regulator approve total operational expenditure of R105 601 875 for the 2026/27 financial year.

Surplus

4.17. The licensee has provided for a surplus of R27 476 886, representing 9% of the allowable revenue requirement. While the surplus is relatively modest, it provides a prudent operating margin to mitigate financial risks associated with the electricity business, including revenue-collection shortfalls, unexpected increases in operating costs and infrastructure maintenance requirements. The surplus further enhances the financial resilience of the electricity undertaking and supports its ability to maintain service delivery and network reliability without placing undue reliance on future tariff increases.

4.18. In recommending a surplus, NERSA relied on section 15(1)(a) of the ERA, which provides that tariffs must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return. In applying this provision, together with the COS Methodology, NERSA is required to ensure that NKLM recovers efficiently and prudently incurred costs, including a reasonable return, while avoiding excessive compensation.

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2. Domestic Prepaid (60 Amp 1Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge: R/amp	6,64	8,49%	7,20	7,20	8,49%	NERSA notes that the 8.49% increase is consistently applied to both energy and fixed charges, maintaining tariff stability. While the structure supports cost recovery to some extent, the increase remains below the bulk increase, limiting full cost reflectivity and contributing to potential revenue gaps.
Block 1 (0 –100) (c/kWh)	194,87	8,49%	211,41	211,41	8,49%	
Block 2 (101 – 250) (c/kWh)	292,27	8,49%	317,07	317,07	8,49%	
Block 3 (> 250) (c/kWh)	367,14	8,49%	398,30	398,30	8,49%	
Basic Charge: R/amp	6,64	8,49%	7,20	7,20	8,49%	
Block 1 (0 –100) (c/kWh)	194,87	8,49%	211,41	211,41	8,49%	
Block 2 (101 – 250) (c/kWh)	292,27	8,49%	317,07	317,07	8,49%	
Block 3 (> 250) (c/kWh)	367,14	8,49%	398,30	398,30	8,49%	

3. Domestic Postpaid (60 Amp 1Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge (R/day)	6,64	8,49%	7,20	7,20	8,49%	The uniform 8.49% increase across all tariff components ensures consistency between prepaid and postpaid customers. The tariff structure remains unchanged; however, the increase is not aligned with the 9.01% bulk cost increase, thereby constraining full cost recovery.
Block 1 (0 –100) (c/kWh)	194,87	8,49%	211,41	211,41	8,49%	
Block 2 (101 – 250) (c/kWh)	292,27	8,49%	317,07	317,07	8,49%	
Block 3 (> 250) (c/kWh)	367,14	8,49%	398,30	398,30	8,49%	
Winter						
Basic Charge (R/day)	6,64	8,49%	7,20	7,20	8,49%	
Block 1 (0 –100) (c/kWh)	194,87	8,49%	211,41	211,41	8,49%	
Block 2 (101 – 250) (c/kWh)	292,27	`8,49%	317,07	317,07	8,49%	

Block 3 (> 250) (c/kWh)	367,14	8,49%	398,30	398,30	8,49%	

4. Domestic Prepaid/Postpaid TOU (60Amp 1Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge (R/day)	6,64	8,49%	7,20	7,20	8,49%	NERSA notes that the 8.49% increase has been applied across all TOU energy periods (peak, standard, and off-peak) and fixed charges. The TOU structure continues to promote efficient energy usage. Notwithstanding this, the increase remains below bulk supply cost escalation, which may weaken cost reflectivity, particularly during peak periods.
Energy Charge – Peak (c/kWh)	402,35	8,49%	436,50	436,50	8,49%	
Energy Charge – Standard (c/kWh)	219,39	8,49%	238,01	238,01	8,49%	
Energy Charge – Off-peak (c/kWh)	233,53	8,49%	253,35	253,35	8,49%	
Winter						
Basic Charge (R/day)	6,64	8,49%	7,20	7,20	8,49%	
Energy Charge – Peak (c/kWh)	713,54	8,49%	774,09	774,09	8,49%	
Energy Charge – Standard (c/kWh)	281,57	8,49%	305,47	305,47	8,49%	
Energy Charge – Off-peak (c/kWh)	225,85	8,49%	245,02	245,02	8,49%	

5. Domestic Prepaid/Postpaid TOU (60Amp 3Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge (R/day)	19,92	8,49%	21,61	21,61	8,49%	NERSA notes that the 8.49% increase has been applied across all TOU energy periods (peak, standard, and off-peak) and fixed charges. The TOU structure continues to promote
Energy Charge – Peak (c/kWh)	402,35	8,49%	436,50	436,50	8,49%	
Energy Charge – Standard (c/kWh)	219,39	8,49%	238,01	238,01	8,49%	
Energy Charge – Off-peak (c/kWh)	233,53	8,49%	253,35	253,35	8,49%	

						efficient energy usage. Notwithstanding this, the increase remains below bulk supply cost escalation, which may weaken cost reflectivity, particularly during peak periods.
Winter						
Basic Charge (R/day)	19,92	8,49%	21,61	21,61	8,49%	
Energy Charge – Peak (c/kWh)	713,54	8,49%	774,09	774,09	8,49%	
Energy Charge – Standard (c/kWh)	281,57	8,49%	305,47	305,47	8,49%	
Energy Charge – Off-peak (c/kWh)	225,85	8,49%	245,02	245,02	8,49%	

6. Domestic Reseller + Old Age Home Postpaid TOU (60Amp 3Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Summer						
Basic Charge (R/day)	39,85	8,49%	43,23	43,23	8,49%	
Energy Charge – Peak (c/kWh)	402,35	8,49%	436,50	436,50	8,49%	
Energy Charge – Standard (c/kWh)	219,39	8,49%	238,01	238,01	8,49%	
Energy Charge – Off-peak (c/kWh)	233,53	8,49%	253,35	253,35	8,49%	
Winter						
Basic Charge (R/day)	39,85	8,49%	43,23	43,23	8,49%	
Energy Charge – Peak (c/kWh)	713,54	8,49%	774,09	774,09	8,49%	
Energy Charge – Standard (c/kWh)	281,57	8,49%	305,47	305,47	8,49%	
Energy Charge – Off-peak (c/kWh)	225,85	8,49%	245,02	245,02	8,49%	

NERSA notes that the 8.49% increase has been applied across all TOU energy periods (peak, standard, and off-peak) and fixed charges. The TOU structure continues to promote efficient energy usage. Notwithstanding this, the increase remains below bulk supply cost escalation, which may weaken cost reflectivity, particularly during peak periods.

7. Commercial & Other Prepaid (60Amp 1Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge: R/Amp	9,30	8,49%	10,09	10,09	8,49%	The 8.49% increase is applied uniformly to both basic and energy charges across all seasonal periods. This supports revenue stability from business customers; however, because the increase is lower than the bulk purchase cost increase, it limits the municipality's ability to strengthen cost recovery from this customer segment.
Summer Energy Charge: (c/kWh)	423,08	8,49%	458,98	458,98	8,49%	
Winter Energy Charge: (c/kWh)	432,37	8,49%	469,06	469,06	8,49%	

8. Commercial and other Prepaid (60Amp 3Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge: R/day	11,54	8,49%	12,52	12,52	8,49%	The 8.49% increase is applied uniformly to both basic and energy charges across all seasonal periods. This supports revenue stability from business customers; however, as the increase is lower than the bulk purchase cost increase, it limits the municipality's ability to strengthen cost recovery from this customer segment.
Summer Energy Charge: (c/kWh)	427,06	8,49%	463,30	463,30	8,49%	
Winter Energy Charge: (c/kWh)	436,34	8,49%	473,37	473,37	8,49%	

9. Commercial & other Prepaid/Postpaid TOU (60AMP 1Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Summer						NERSA notes that all TOU components reflect a uniform 8.49% increase, maintaining the tariff design and seasonal differentiation. While this supports operational efficiency and demand management, the increase remains below COS drivers, constraining revenue adequacy.
Basic Charge (R/day)	34,88	8,48%	37,84	37,84	8,48%	
Energy Charge – Peak (c/kWh)	481,68	8,49%	522,56	522,56	8,49%	
Energy Charge – Standard (c/kWh)	336,93	8,49%	365,52	365,52	8,49%	
Energy Charge – Off-peak (c/kWh)	301,12	8,48%	326,67	326,67	8,48%	
Winter						
Basic Charge (R/day)	34,88	8,48%	37,84	37,84	8,48%	
Energy charge – Peak (c/kWh)	721,49	8,49%	782,72	782,72	8,49%	
Energy charge – Standard (c/kWh)	336,93	8,49%	365,52	365,52	8,49%	
Energy charge – Off-peak (c/kWh)	301,12	8,48%	326,67	326,67	8,48%	

10. Commercial & other Prepaid/Postpaid (60AMP 3Ph)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Summer						NERSA notes that all TOU components reflect a uniform 8.49% increase, maintaining the tariff design and seasonal differentiation. While this supports operational efficiency and demand management, the
Basic Charge (R/day)	100,70	8,49%	109,25	109,25	8,49%	
Energy charge – Peak (c/kWh)	481,68	8,49%	522,56	522,56	8,49%	
Energy charge – Standard (c/kWh)	336,93	8,49%	365,52	365,52	8,49%	

Energy charge – Off-peak (c/kWh)	301,12	8,48%	326,67	326,67	8,48%	increase remains below COS drivers, constraining revenue adequacy.
Winter						
Basic Charge (R/day)	100,70	8,49%	109,25	109,25	8,49%	
Energy Charge – Peak (c/kWh)	721,49	8,49%	782,72	782,72	8,49%	
Energy Charge – Standard (c/kWh)	336,93	8,49%	365,52	365,52	8,49%	
Energy Charge – Off-peak (c/kWh)	301,12	8,48%	326,67	326,67	8,48%	

11. Large Power users: >40kVA 3 Phase	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Summer						
Basic Charge (R/day)	165,00	8,48%	179,00	179,00	8,48%	
Energy Charge – Peak (c/kWh)	365,13	8,49%	396,12	396,12	8,49%	
Energy Charge – Standard (c/kWh)	240,00	8,49%	260,37	260,37	8,49%	
Energy Charge – Off-peak (c/kWh)	221,53	8,49%	240,33	240,33	8,49%	
Demand Charge: (R/kVA)	31,18	8,49%	33,83	33,83	8,49%	
Network Access Charge: (R/kVA)	66,34	8,49%	71,97	71,97	8,49%	The 8.49% increase is applied across energy, demand, and network access charges, ensuring a balanced tariff structure. Although this category significantly contributes to revenue, the increase being below the 9.01% bulk increase may limit efficient cost recovery from high-consumption users.
Winter						
Basic Charge (R/day)	165,00	8,48%	179,00	179,00	8,48%	

Energy Charge – Peak (c/kWh)	721,00	8,49%	782,19	782,19	8,49%	
Energy Charge – Standard (c/kWh)	336,00	8,49%	364,51	364,51	8,49%	
Energy Charge – Off-peak (c/kWh)	221,00	8,49%	239,76	239,76	8,49%	
Demand Charge: (R/kVA)	31,18	8,49%	33,83	33,83	8,49%	
Network Access Charge: (R/kVA)	66,34	8,49%	71,97	71,97	8,49%	

12. Availability Charge Domestic Vacant Stand	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge: (R/month)	144,05	8,48%	156,27	156,27	8,48%	NERSA notes that availability charges have increased by 8.49%, maintaining consistency with other tariff categories. However, the increase remains below bulk cost escalation, which may not fully reflect the cost of maintaining network availability.

13. Availability Charge Non-Domestic Vacant Stand	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Basic Charge: (R/month)	1224,00	8,49%	1327,88	1327,88	8,49%	NERSA notes that availability charges have increased by 8.49%, maintaining consistency with other tariff categories. However, the increase remains below bulk

						cost escalation, which may not fully reflect the cost of maintaining network availability.

14. Export energy for SSEGs (Nett Users + to be on TOU)	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Summer						The 8.49% increase is applied across all export energy charges. While this ensures alignment with overall tariff adjustments, NERSA notes that export tariffs should remain cost-reflective and balanced to avoid unintended financial impacts on the municipality.
Energy Charge – Peak (c/kWh)	217,49	8,23%	235,40	235,40	8,23%	
Energy Charge – Standard (c/kWh)	122,28	8,24%	132,35	132,35	8,24%	
Energy Charge – Off-peak (c/kWh)	87,35	8,24%	94,55	94,55	8,24%	
Winter						
Energy Charge – Peak (c/kWh)	524,07	8,24%	567,24	567,24	8,24%	
Energy Charge – Standard (c/kWh)	131,01	8,24%	141,80	141,80	8,24%	
Energy Charge – Off-peak (c/kWh)	87,35	8,24%	94,55	94,55	8,24%	

15.Municipal Tariff Own Use	2025/26 Approved Tariffs	2026/27 Proposed % Increase	2026/27 Proposed Tariffs	2026/27 Recommended Tariffs	2026/27 Recommended Increase	Analysis and Key Findings
Energy Charge: (c/kWh)	253,54	8,49%	275,06	275,06	8,49%	NERSA notes that the 8.49% increase has been applied to internal consumption tariffs. While this maintains consistency, it does not fully reflect the 9.01% bulk cost increase, which may understate the true cost of electricity consumption within the municipality.

8. CONFIDENTIALITY

8.1. None.

9. CONCLUSION

9.1. The Energy Regulator, having considered Nama Khoi Local Municipality's tariff application, supporting information, stakeholder inputs and applicable legal framework, approves the tariff adjustments, as set out in this reasons for decision document.

End.