NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

The Decision and Reasons for Decision

In the matter regarding the

Municipal Tariff Application for the 2026/27 Financial Year

By

Rustenburg Local Municipality

THE DECISION

1. At its meeting held on 9 May 2026, the Regulator Executive Committee (REC) considered the Rustenburg 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 section 8 of this document.

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

   a) to approve the tariffs that are based on the cost of supply (COS) study, as recommended in the tariff analysis section, for implementation by the municipality with effect from 1 July 2026;
   b) to note the COS study submitted by the municipality;
   c) that the municipality must submit a report accounting for all the costs identified in its COS study to enable the National Energy Regulator of South Africa to perform its independent verification or audit process by 31 January 2026; and
   d) that the licensee must submit a quarterly smart efficiency plan with improvement measures identified for reducing high energy losses and submit it by 30 September 2026.

TABLE OF CONTENTS

THE DECISION 1
ABBREVIATIONS AND ACRONYMS 5
1. INTRODUCTION 6
2. LEGAL AND REGULATORY FRAMEWORK 7
3. FINANCIAL AND TECHNICAL PERFORMANCE 11
4. DETERMINATION OF RLM'S TARIFFS BASED ON THE COS STUDY 13
5. CONCLUSION ON THE COS STUDY 19
6. PUBLIC PARTICIPATION 20
7. THE OBJECTORS AND OTHER INTERVENING PARTIES 20
8. TARIFF ANALYSIS 27
9. CONFIDENTIALITY 36
10. CONCLUSION 36

LIST OF TABLES

Table 1: Customer statistics (data obtained from the latest D-forms – 2024/25) 6
Table 2: Technical and financial performance 11
Table 3: Assessment of energy losses and revenue impact 12
Table 4: Revenue requirement components 14
Table 5: Rate design 20
Table 6: Summary and analysis of stakeholder comments 21

LIST OF FIGURES

Figure 1: Five steps of COS study 13
Figure 2: Cost breakdown by functions 16
Figure 3: Cost classification 17
Figure 4: Allocation of costs across customer categories 18

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
RLM	Rustenburg 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, regulates electricity prices and tariffs and 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 Rustenburg Local Municipality (RLM), located in the North West, has an electricity sales profile largely driven by industrial customers, which contributed 48% of total electricity sales in the 2024/25 financial year, while commercial customers accounted for 30%.

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 Table 1 below.

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

Customer categories	*MWh*	*% MWh*	*Customer numbers*
Domestic(Prepaid)	176 933	26%	58 385
Domestic(Conventional)	30 071	4%	3 246
Agriculture	17 291	3%	1 369
Mining & quarrying	5 384	1%	1
Manufacturing / Industrial	328 886	48%	185
Commercial	94 358	14%	3 468
Sold to other departments	20 565	3%	17
Other consumers	5 839	1%	68
TOTAL	**679327**	**100%**	**66 739**
FBE	4580	2,21%	1035

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 tariff increase of 11.9% in the 2025/26 financial year and initially applied for an average tariff increase of 12% for the 2026/27 financial year. However, the municipality subsequently submitted revised tariffs reflecting an average increase of 10% for the 2026/27 financial year.

1.6. NERSA followed the notice and comment consultation process. RLM's tariff application was published on 31 March 2026 on the NERSA website, 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 9 May 2026, considering the written comments received from the affected stakeholders and the analysis performed by NERSA.

2. LEGAL AND REGULATORY FRAMEWORK

2.1. Background

2.1.1. The approval of Municipal electricity tariffs constitutes a core regulatory function of the Energy Regulator and must be exercised in accordance with the applicable legislative framework, national policy directives and court orders. The principal legal instruments governing the exercise of this regulatory authority include the National Energy Regulator Act, 2004 (Act No. 40 of 2004) (NERA), the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended ('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 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 2026/27 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 NERA, the Energy Regulator, as the decision-

making body, must regulate the electricity industry and execute the functions set out in the ERA. The regulatory electricity 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 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 2025/26 municipal tariff approvals did not comply with the procedural requirements of section 4 of PAJA and was therefore unlawful.

2.7.3. However, recognising the potentially disruptive consequences of setting aside tariff determinations already implemented by municipalities, the Court declined to invalidate the tariffs. Instead, to assist in the timeous and lawful approval of municipal tariffs, the Court issued a structural interdict regulating the municipal tariff approval process going forward.

2.7.4. NERSA subsequently launched a variation application 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 set out below apply to the approval of municipal tariffs for the 2026/27 financial year:

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 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 2026/27 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 RLM, the assessment was based on the 2024/25 Distribution forms (D-forms) submitted with the tariff application. The data was verified against supporting documents, including the trial balance and annual financial statements, and is therefore considered reliable for tariff analysis purposes.

3.1.2 Table 2 below shows RLM's technical and financial performance.

Table 2: Technical and financial performance

Performance Indicators: Obtained From D-Form		
Performance Indicators	2023/24	2024/25
Percentage Surplus (Deficit) %	0.70	-5.15
Energy Losses %	12.58	29.43

3.2. Percentage Surplus

3.2.1. The Rustenburg Local Municipality recorded an operating deficit of 5.15% in the 2024/25 financial year, compared to an operating surplus of 0.70% in the 2023/24 financial year. This indicates a decline in the municipality's financial performance, as operating revenue was insufficient to fully cover the cost of providing electricity services. The deficit places pressure on the financial sustainability of the electricity function and highlights the need for improved cost management and enhanced revenue collection.

3.3. Energy Losses

3.3.1. The energy losses increased significantly from 12.58% in the 2023/24 financial year to 29.43% in the 2024/25 financial year. This substantial increase indicates a deterioration in the management of technical and non-technical losses within the electricity network. The high level of losses may negatively affect the financial sustainability of the electricity function, as a significant portion of purchased electricity is not recovered through revenue. The increase further highlights the need for the municipality to strengthen loss reduction measures, improve network maintenance and enhance revenue protection initiatives.

3.3.2. Table 3 below reflects the revenue impact analysis under two energy loss scenarios, namely:

a) the actual losses of 29.43%, representing the current operating position; and
b) a reduced loss level of 12%, reflecting an efficient and regulatory-aligned scenario, for assessment purposes.

Table 3: Assessment of energy losses and revenue impact

	D-Form Input	Energy Loss@12%	Energy Loss@6%
Average Selling Price	307,45		
Sales kWh	679 326 523,00	847 143 879,12	904 903 689,06
Purchases kWh	962 663 499,00	962 663 499,00	962 663 499,00
Losses kWh	283 336 976,00	115 519 619,88	57 759 809,94
Losses percentage	**29,43%**	**12,00%**	**6,00%**
Additional Energy (kWh)		167 817 356,12	225 577 166,06
Additional Revenue (Rands)		515 954 461,39	693 536 997,05
	D-Form Input	Energy Loss@12%	Energy Loss@6%
Net Profit (Loss)	R -115 871 255,00	R 400 083 206,39	R 577 665 742,05
Percentage Surplus/Deficit	**-5,15%**	**14,46%**	**19,62%**

3.3.3. Under the current scenario of 29.43% losses, the municipality experiences a significant revenue shortfall, which adversely affects its financial sustainability. In the alternative scenario, where losses are reduced to 12%, the financial position improves materially from a deficit of 5.15% to a surplus of 14.46%, with net revenue increasing to approximately R400 million.

3.3.4. In accordance with the cost-plus methodology, only prudent and efficient costs are recognised. The comparison between the two scenarios demonstrates that the current level of losses is inefficient and not supportable for tariff-setting purposes. Accordingly, operational improvements, particularly the reduction of energy losses, are required.

Tariff adjustments alone will not restore financial sustainability without the implementation of effective loss-reduction interventions.

4. DETERMINATION OF RLM'S TARIFFS BASED ON THE COS STUDY

4.1. The process that the Energy Regulator followed in considering and approving RLM's tariff application was supported by a COS study.

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

4.3. Figure 1 below details the five steps considered in the determination of the COS study.

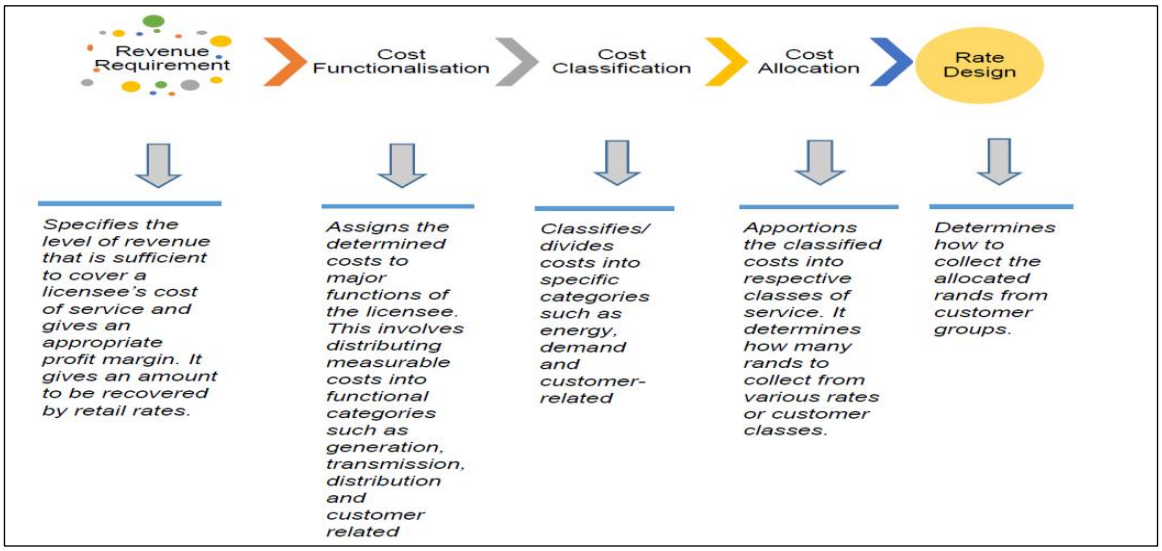


Figure 1: **Five steps of COS study**

4.4. The following steps are undertaken to analyse the COS study:

Revenue Requirement

4.4.1. To achieve full cost reflectivity, NERSA determined an allowable revenue requirement of R1 903 963 628 for the 2026/27 financial year. Eskom bulk electricity purchases, including a 12% energy loss allowance, account for 74% of the allowable costs, while operational expenditure represents 26%. This cost structure indicates that bulk supply costs remain the primary driver of the revenue requirement, as detailed in Table 4 below.

Table 4: Revenue requirement components

	Total cost (R)			
Revenue Requirement components	**Wires**	**Retail**	**Total**	**% of Total**
Allowable costs	592 848 487	1 797 417 740	1 903 963 628	100%
Energy purchases from Eskom - net of cost of losses	-	1 177 688 570	1 177 688 570	62%
Energy purchases from Eskom - cost of losses	145 149 152	90 472 877	235 622 028	12%
Other energy purchases	-	-	-	0%
Capital expenditure	-	-	-	0%
Operational expenditure (incl. Depreciation)	214 230 473	272 072 128	486 302 600	26%
Other revenues	**- 1 986 052**	**- 38 268 341**	**- 40 254 392**	**-2%**
Surplus	21 224 442	23 380 379	44 604 821	2%

4.4.2. It is important to test the efficiency of the costs in the 2024/25 financial year since this is the most recent available actual data. This forms the basis on which costs for the 2026/27 financial year will be projected using assumptions to calculate revenue requirements.

4.4.3. 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 below.

Bulk Purchases

4.4.4. The licensee applied for a bulk purchase expenditure of R1 413 310 598, which accounts for 74% of the total costs. Bulk purchases were verified against the 2024/25 Eskom invoices.

4.4.5. In order to get to the 2026/27 estimation, the 2025/26 COS amount was adjusted by 9.01% in line with the approved Eskom Retail Tariff Structural Adjustments (ERTSA).

4.4.6. NERSA is satisfied that the approach taken by the licensee to forecast bulk purchases is reasonable. As a result, this cost has been recommended for approval as applied for.

Operational Expenditure

4.4.7. RLM's operational expenditure amounts to R486 302 600, representing 26% of the total costs for the 2026/27 financial year.

4.4.8. 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 based on assumed cost drivers and relevant inflationary factors. NERSA is satisfied that the approach applied to forecast operational expenditure is reasonable.

4.4.9. Notwithstanding the above, NERSA excluded the cost of Free Basic Electricity (FBE) paid to Eskom, as this cost is funded through the equitable share allocation.

4.4.10. NERSA adjusted the cost of materials and supplies on the basis that the municipality is not undertaking sufficient repairs and maintenance on the electricity network.

4.4.11. It is recommended that the Energy Regulator approve total operational expenditure of R486 302 600 for the 2026/27 financial year.

Surplus

4.4.12. RLM recommend a surplus of R44.604 821, representing 2% of the total cost.

4.4.13. 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 RLM recovers efficiently and prudently incurred costs, including a reasonable return, while preventing excessive compensation.

4.4.14. The approved surplus is reasonable and does not constitute excessive profit. Instead, it provides an appropriate financial buffer to strengthen the municipality's electricity distribution business by:

a) funding preventative and corrective maintenance of the electricity network;
b) supporting the refurbishment and replacement of ageing distribution infrastructure;

c) financing emergency repairs arising from network failures and equipment breakdowns;
d) improving network reliability, quality of supply and system resilience;
e) strengthening cash flow and working capital to ensure the continued procurement of bulk electricity and the efficient operation of the electricity undertaking; and
f) providing financial resilience against unforeseen operational costs without placing immediate pressure on future tariff increases.

4.4.15. NERSA emphasises that the approved surplus should be utilised to improve the performance and sustainability of the electricity distribution network rather than to offset operational inefficiencies.

4.4.16. On this basis, it is recommended that the Energy Regulator approve a surplus of R44.604 821, derived from the recommended allowable revenue, to ensure the continued financial viability of the licensee while maintaining cost-reflective and reasonable tariffs. This revenue will be used in the subsequent steps of cost functionalisation, classification, allocation and rate setting. These steps have been verified to be consistent with the approved revenue requirement and are discussed below.

Cost Functionalisation

4.4.17. The licensee has categorised its revenue requirements of R1 903 963 628 into two main functions: wires and retail business, which is in line with the NERSA COS Framework, as demonstrated in Figure 2 below. These costs align with revenue requirements upon verification.

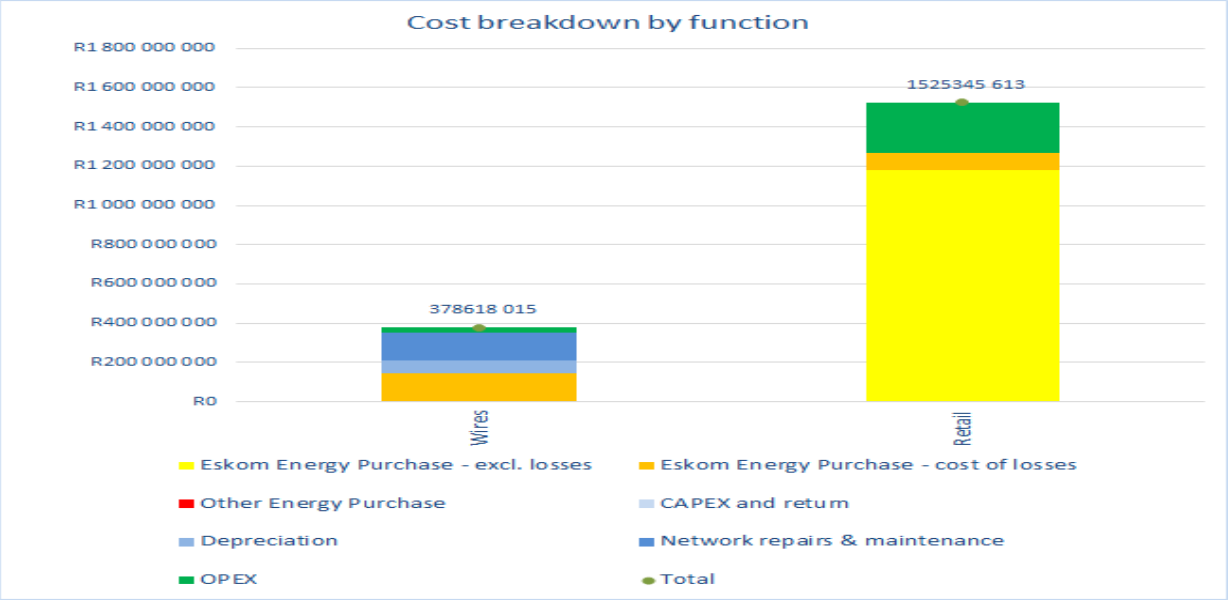


Figure 2: Cost breakdown by functions

4.4.18. These costs align with revenue requirements upon verification. Network repairs and maintenance dominate the wires business while the energy purchases are the primary cost driver for the retail business.

Cost Classification

4.4.19. The licensee classified its costs into energy, demand and customer-related costs, which is in line with the NERSA COS Framework. The costs align with revenue requirements and cost functionalisation upon verification.

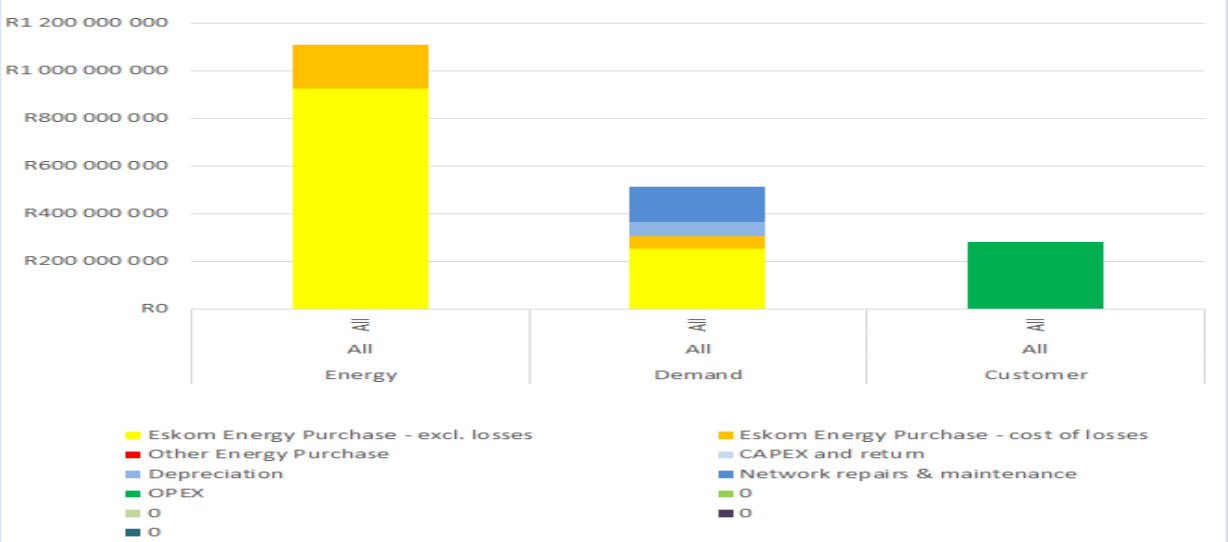


Figure 3: Cost classification

4.4.20. Energy purchases constitute energy-driven costs, with the highest expenses occurring during summer under standard time of use, mainly because summer spans a larger portion of the year. Demand-driven costs are also predominantly incurred in summer. Customer-driven costs are primarily attributed to 'Other OPEX', which encompasses expenses related to providing electricity distribution services to customers.

Cost Allocation

4.4.21. In this step, the licensee's revenue requirements are allocated between customer categories, which is in line with the NERSA COS Framework, and the costs align with revenue requirements, cost functionalisation and cost classification upon verification.

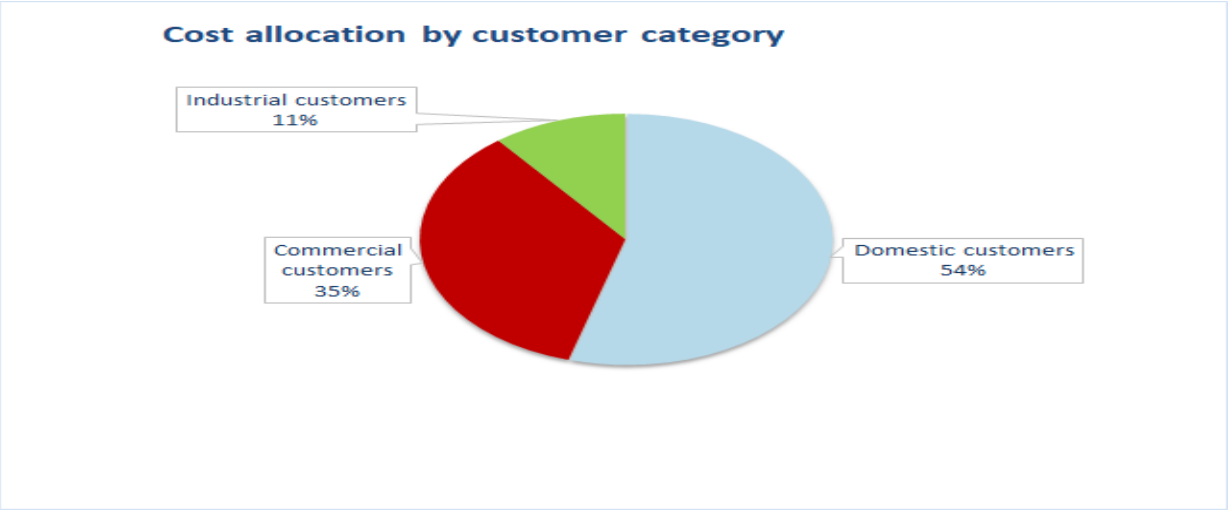


Figure 4: Allocation of costs across customer categories

4.4.22. The domestic customer category accounts for the largest share of allocated costs at 54%, followed by commercial customers at 35%, while industrial customers account for 11% of the total costs. The variation in cost allocation across customer categories is primarily driven by differences in supply characteristics, including connection voltage levels, load factors, coincidence factors and average consumption patterns.

Rate Design

4.4.23. The COS analysis demonstrates the total costs against revenue impact of the various tariffs. Figure 5 below compares the current tariff components with the costs for the same tariff components and indicates that certain rates should increase and others decrease.

4.4.24. Comparing these costs to the income per tariff category reveals the over- or under-recovery per tariff category, as shown in Figure 5. When reading this graph, it is important to note that it is presented in % terms and not absolute Rand terms.

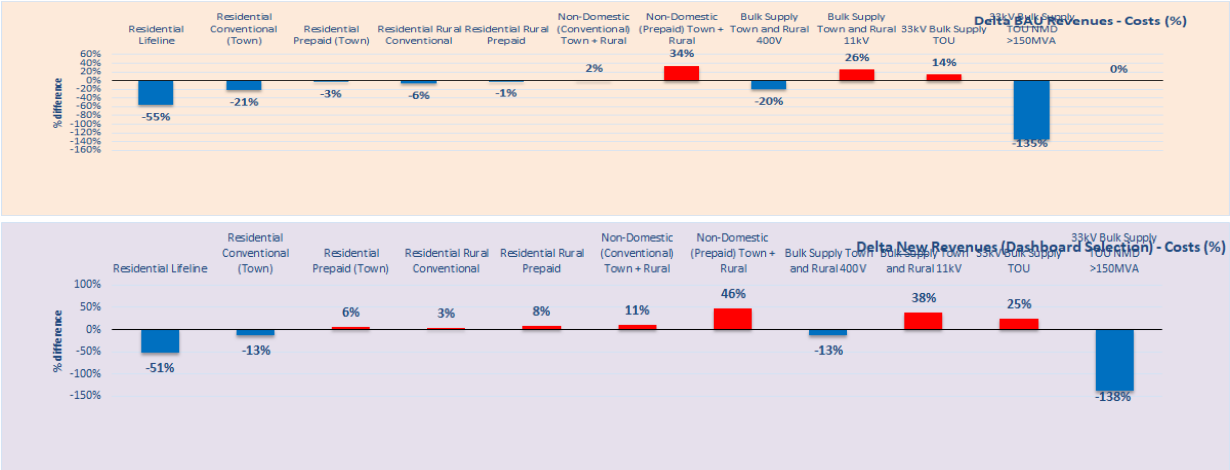


Figure 5: Revenue recovery by customer category

4.4.25. The licensee is not proposing any structural changes to its tariffs.

5. CONCLUSION ON THE COS STUDY

5.1. The COS study results suggested a 10% increase. After making the necessary adjustments, the results suggest 9.10%, as illustrated in Table 5 below. The municipality is proposing a 10% increase for the 2026/27 financial year. Some of the considerations for this decision include the licensee's requirement to maintain a sustainable tariff level to stimulate demand, the ability to cover Eskom bulk electricity costs and to ensure customer affordability while maintaining long-term financial stability.

5.2. The tariff application was adjusted downwards to reflect the outcome of the COS study and the adjusted costs.

5.3. The tariff application was adjusted downward to align with the outcomes of the COS study and the revised allowable costs.

5.4. NERSA recognises that significantly high tariff increases may result in reduced consumption, lower revenue collection and constraints in meeting financial obligations, including payments to Eskom.

Page 20 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 21 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 22 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 23 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 24 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 25 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 26 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Page 27 withheld by Unmapped Dataworks.

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

The whole decision is on NERSA's website:
https://www.nersa.org.za/file/9407/RustenburgLocalMunicipalityReasonsforDecisionontariffapplicat

Block 4 (>600 kWh)	377,88	10,00%	415,67	411,93	9,01%	
Basic Charge (R/month)	608,25	10,00%	669,08	663,05	9,01%	
3. Residential Prepaid (Town)	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Tariff Blocks						The municipality applied for a 10.00% tariff increase for the Residential Prepaid (Town) tariff category to support the sustainability of the electricity function. NERSA reduced the increase to 9.01% following the exclusion of inefficient costs.
Block 1 (0 - 50kWh)	203,19	10,00%	223,51	221,50	9,01%	
Block 2 (51 - 350 kWh)	241,3	10,00%	265,43	263,04	9,01%	
Block 3 (351 -600kWh)	305,64	10,00%	336,20	333,18	9,01%	
Block 4 (>600 kWh)	371,28	10,00%	408,41	404,73	9,01%	
Basic Charge (R/month)	446,86	10,00%	491,55	487,12	9,01%	
4. Residential Rural Conventional	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Tariff Blocks						The municipality proposed a 10.00% tariff increase for the Residential Rural Conventional tariff category to address increasing electricity supply costs. NERSA adjusted the increase downward to 9.01% after excluding inefficient costs to ensure reasonable and cost reflective tariffs
Block 1 (0 - 50kWh)	190,36	10,00%	209,40	207,51	9,01%	
Block 2 (51 - 350 kWh)	237,96	10,00%	261,76	259,40	9,01%	
Block 3 (351 -600kWh)	305,61	10,00%	336,17	333,15	9,01%	
Block 4 (>600 kWh)	371,24	10,00%	408,36	404,69	9,01%	
Basic Charge (R/month)	659,53	10,00%	725,48	718,95	9,01%	

5. Residential Rural Prepaid	2025/26 Approved	Proposed % increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Tariff Blocks						The municipality applied for a 10.00% tariff increase for the Residential Rural Prepaid tariff category to maintain financial sustainability. NERSA adjusted the increase downward to 9.01% after removing inefficient costs from the allowable revenue requirement.
Block 1 (0 - 50kWh)	190,36	10,00%	209,40	207,51	9,01%	
Block 2 (51 - 350 kWh)	237,96	10,00%	261,76	259,40	9,01%	
Block 3 (351 -600kWh)	305,61	10,00%	336,17	333,15	9,01%	
Block 4 (>600 kWh)	371,24	10,00%	408,36	404,69	9,01%	
Basic Charge (R/month)	659,53	10,00%	725,48	718,95	9,01%	

6. Non-Domestic (Conventional) Town + Rural	2025/26 Approved	Proposed % increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
Energy Charge: c/kWh						The municipality proposed a 10.00% tariff increase for the Non-Domestic (Conventional) Town and Rural tariff category to improve cost recovery and accommodate increasing bulk electricity costs. NERSA adjusted the increase downward to 9.01% after considering inefficient costs.
Summer	347,67	10,00%	382,44	379,00	9,01%	
Winter	463,52	10,00%	509,87	505,28	9,01%	
Basic Charge (R/month)	1854,03	10,00%	2039,43	2021,08	9,01%	

7. Non-Domestic (Prepaid) Town + Rural	2025/26 Approved	Proposed % increase	2026/27 Proposed	2026/27 Recommended	Recommended % Increase	Analysis and Key Findings
						The municipality applied for a 10.00% tariff increase for the Non-Domestic (Prepaid) Town and Rural tariff category to support the sustainability of electricity services. NERSA reduced the increase to 9.01% following the exclusion of inefficient costs.
Energy Charge: c/kWh						
Summer	343,41	10,00%	377,75	374,35	9,01%	
Winter	457,85	10,00%	503,64	499,10	9,01%	
Basic Charge (R/month)	1831,33	10,00%	2014,46	1996,33	9,01%	
8. Bulk Supply Town and Rural 400V Customer Supplied from Voltaire and Waterkloof	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Energy Charge: c/kWh						The municipality proposed a 10.00% tariff increase for the Bulk Supply Town and Rural 400V tariff category to recover increasing electricity supply and network-related costs. NERSA adjusted the increase downward to 9.01% after excluding inefficient costs.
Summer	216,67	10,00%	238,34	236,19	9,01%	
Winter	349,19	10,00%	384,11	380,65	9,01%	
Basic Charge (R/month)	5581,91	10,00%	6140,10	6084,84	9,01%	
Demand Charge (R/kVA)						
All Season Network Demand	85,05	10,00%	93,56	92,71	9,01%	
All Season Network Access	340,16	10,00%	374,18	370,81	9,01%	
Legacy Charge c/kWh			23,02	23,02		
Generation Capacity (R/kVA)			7,11	7,11		
9. Bulk Supply Town and Rural 400V Customer Supplied from Kroondal and Industries	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Energy Charge: c/kWh						The municipality proposed a 10.00% tariff increase for the
Summer	216,67	10,00%	238,34	236,19	9,01%	

Winter	349,19	10,00%	384,11	380,65	9,01%	Bulk Supply Town and Rural 400V tariff category to recover increasing electricity supply and network-related costs. NERSA adjusted the increase downward to 9.01% after excluding inefficient costs.
Basic Charge (R/month)	5581,91	10,00%	6140,10	6084,84	9,01%	
Demand Charge (R/kVA)						
All Season Network Demand	85,05	10,00%	93,56	92,71	9,01%	
All Season Network Access	340,16	10,00%	374,18	370,81	9,01%	
Legacy Charge c/kWh			24,81	24,81		
Generation Capacity (R/kVA)			8,48	8,48		
10.Bulk Supply Town and Rural 11kV Customer Supplied from Voltaire and Waterkloof	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Energy Charge: c/kWh						The municipality applied for a 10.00% tariff increase for the Bulk Supply Town and Rural 11kV tariff category to ensure the sustainability of the electricity network and supply function. NERSA adjusted the increase downward to 9.01% after considering inefficient costs.
Summer	209,77	10,00%	230,75	228,67	9,01%	
Winter	329,77	10,00%	362,75	359,48	9,01%	
Basic Charge (R/month)	4939,44	10,00%	5433,38	5384,48	9,01%	
Demand Charge (R/kVA)						
All Season Network Demand	83,48	10,00%	91,83	91,00	9,01%	
All Season Network Access	336,02	10,00%	369,62	366,30	9,01%	
Legacy Charge c/kWh			23,02	23,02		
Generation Capacity (R/kVA)			7,11	7,11		
11. 33kV Bulk Supply	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/month)	18 107,10	10,00%	19 917,81	19738,55	9,01%	The municipality proposed a 10.00% tariff increase for the
Demand Charge (R/kVA)			-			

All Season Network Demand	83,16	10,00%	91,48	90,65	9,01%	33kV Bulk Supply tariff category to recover increasing supply, demand, and network-related costs. NERSA adjusted the increase downward to 9.01% following the exclusion of inefficient costs from the revenue requirement.
All Season Network Access	63,16	10,00%	69,48	68,85	9,01%	
			-			
Low Season (Summer)			-			
Peak	277,91	10,00%	305,70	302,95	9,01%	
Standard	187,40	10,00%	206,14	204,28	9,01%	
Off-Peak	131,60	10,00%	144,76	143,46	9,01%	
High Season (Winter)						
Peak	873,77	10,00%	961,15	952,50	9,01%	
Standard	252,66	10,00%	277,93	275,42	9,01%	
Off-Peak	147,39	10,00%	162,13	160,67	9,01%	
Legacy Charge c/kWh			24,53	24,53		
Generation Capacity (R/kVA)			8,40	8,40		
Reactive Energy (c/kVArh) winter only	43,16	10,00%	47,48	47,05	9,01%	
11. 11kV Bulk Supply TOU	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/month)	20 114,51	10,00%	22 125,96	21 926,83	9,01%	The municipality applied for a 10.00% tariff increase for the 11kV Bulk Supply TOU tariff category to support cost recovery and maintain electricity network sustainability. NERSA reduced the increase to 9.01% after excluding inefficient costs.
Demand Charge (R/kVA)						
All Season Network Demand	94,86	10,00%	104,35	103,41	9,01%	
All Season Network Access	73,13	10,00%	80,44	79,72	9,01%	
Low Season (Summer)						
Peak	310,86	10,00%	341,95	338,87	9,01%	
Standard	210,28	10,00%	231,31	229,23	9,01%	
Off-Peak	153,18	10,00%	168,50	166,98	9,01%	

High Season (Winter)						
Peak	971,45	10,00%	1 068,60	1058,98	9,01%	
Standard	283,45	10,00%	311,80	308,99	9,01%	
Off-Peak	169,15	10,00%	186,07	184,39	9,01%	
Legacy Charge c/kWh			23,02	23,02		
Generation Capacity (R/kVA)			7,11	7,11		
Reactive Energy (c/kVArh) winter only	46,88	10,00%	51,57	51,10	9,01%	
12. 33kV Bulk Supply TOU NMD >150MVA is a negotiated pricing agreement (NPA) tariff. The tariff is aligned to the Eskom Megaflex (Municflex)	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Administration Charge (R/POD/Day)	19,67	10,00%	21,64	21,44	9,01%	
Service Charge (R/Account/Day)	1135,92	10,00%	1249,51	1238,27	9,01%	
Demand Charge (R/kVA)						
All Season Network demand charge	24,67	10,00%	27,14	26,89	9,01%	
All Season Network Tx Network charge	10,41	10,00%	11,45	11,35	9,01%	
All Season Network capacity charge	36,97	10,00%	40,67	40,30	9,01%	
Generation Capacity	7,71	10,00%	8,48	8,40	9,01%	
						The municipality proposed a 10.00% tariff increase for the 33kV Bulk Supply TOU NPA tariff category, which is aligned to Eskom's Megaflex (Municflex) tariff structure. NERSA adjusted the increase downward to 9.01% after considering inefficient costs to ensure prudent cost recovery
High Season (Winter)						
Peak c/kWh	677,39	10,00%	745,13	738,42	9,01%	
Standard c/kWh	169,34	10,00%	186,27	184,60	9,01%	
Off-Peak c/kWh	112,90	10,00%	124,19	123,07	9,01%	
Low Season (Summer)						
Peak c/kWh	281,12	10,00%	309,23	306,45	9,01%	

Standard c/kWh	158,05	10,00%	173,86	172,29	9,01%	
Off-Peak c/kWh	112,90	10,00%	124,19	123,07	9,01%	
Electrification and Rural Subsidy c/kWh	5,02	10,00%	5,52	5,47	9,01%	
Ancillary Service Charge c/kWh	0,40	10,00%	0,44	0,44	9,01%	
Legacy Charge c/kWh	22,55	10,00%	24,81	24,58	9,01%	
Urban Low Voltage						
Reactive Energy high season Access c/kVArh	32,20	10,00%	35,42	35,10	9,01%	
13. Residential 1 Vacant Stand	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/month)	433,52	10,00%	476,87	472,58	9,01%	The municipality applied for a 10.00% tariff increase for the Residential 1 Vacant Stand tariff category to recover increasing operating costs. NERSA adjusted the increase downward to 9.01% after excluding inefficient costs.
14. Residential High Density Vacant Stand	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/month)	5577,39	10,00%	6135,13	6079,91	9,01%	The municipality proposed a 10.00% tariff increase for the Residential High Density Vacant Stand tariff category to maintain financial sustainability. NERSA reduced the increase to 9.01% after

						removing inefficient costs from the allowable revenue requirement.
15. Business Zoned Vacant Stand	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**
Basic Charge (R/month)	1852,54	10,00%	2037,79	2019,45	9,01%	The municipality applied for a 10.00% tariff increase for the Business Zoned Vacant Stand tariff category to address increasing electricity-related operating costs. NERSA adjusted the increase downward to 9.01% following the exclusion of inefficient costs.
16. Industrial Zoned Vacant Stand	**2025/26 Approved**	**Proposed % increase**	**2026/27 Proposed**	**2026/27 Recommended**	**Recommended % Increase**	**Analysis and Key Findings**

Basic Charge (R/month)	5577,39	10,00%	6135,13	6079,91	9,01%	The municipality proposed a 10.00% tariff increase for the Industrial Zoned Vacant Stand tariff category to support the sustainability of the electricity function. NERSA reduced the increase to 9.01% after considering inefficient costs.

9. CONFIDENTIALITY

None.

10. CONCLUSION

From a conspectus of the facts and evidence presented to the REC, it is appropriate to approve RLM's tariff application for the 2026/27 financial year, as set out in this reasons for decision document.

End.