

C 3747/03/2026
SMC A/6815/03/2026

**9.A.15 [ES]: APPROVAL OF THE PROPOSED ELECTRICITY TARIFFS FOR THE
2026/27 FINANCIAL YEAR AS PER COST OF SUPPLY STUDY**

5/1/2

COMPETENCY: COUNCIL

IT WAS UNANIMOUSLY RESOLVED:

1. That the continued validity of the Cost of Supply (CoS) study completed during the 2024/25 financial year, be noted.
2. That the proposed 2026/27 electricity tariffs, informed by the CoS study and benchmarked against the Eskom-approved increase, be considered for submission to NERSA.
3. That Council notes that the updated cost of supply study outcome indicates an adjustment of approximately 21.9% to allow the Municipality to align the current existing tariffs to cost- reflective levels.
4. That the Finance Section ensure compliance with all publication, public participation and regulatory submission requirements.

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COMPETENCY: COUNCIL

PURPOSE:

To obtain Council approval of the proposed 2026/27 electricity tariffs, informed by the approved Cost of Supply (CoS) study and benchmarked against the Eskom-awarded tariff increase, for submission to the National Energy Regulator of South Africa (NERSA).

To submit the 2026/27 proposed electricity tariffs to Council that will be used to apply to NERSA for approval and to comply with the Court Order of 4 December 2025 between AFRIFORUM NPC (Applicant), NERSA, SALGA, Eskom Holdings SOC Limited and the 192 municipalities in South Africa (Respondents).

RECOMMENDATIONS:

1. That the continued validity of the Cost of Supply (CoS) study completed during the 2024/25 financial year be noted.
2. That the proposed 2026/27 electricity tariffs, informed by the CoS study and benchmarked against the Eskom-approved increase, be considered for submission to NERSA.
3. That Council notes that the updated cost of supply study outcome indicates an adjustment of approximately 21.9% to allow the Municipality to align the current existing tariffs to cost- reflective levels.
4. That the Finance Section ensure compliance with all publication, public participation and regulatory submission requirements.

REPORT

COURT ORDER:

The Court order reads, inter alia, the following:

“Every municipality that submits an electricity tariff application must take all reasonable steps to ensure that the participation process NERSA chooses regarding municipal tariffs application is brought to the attention of the public within its jurisdiction.”

“Eskom and each municipality are directed to comply timeously with the aforesaid timeline.

provided that, on good cause shown to the satisfaction on the court, the court may sanction a deviation on such terms as it deems meet.”

The court order of 4 December 2025 had certain specific dates that must be adhered to.

The timeframes were amended on 20 February 2026 by way of a Court Order and is as follows:

- ESKOM to given written notice to municipality of the bulk electricity tariffs for the new financial year by 31 January of every year – it was amended to 6 March 2026.

- Municipalities to submit their electricity tariff applications to NERSA by 20 March annually – it was amended to 31 March 2026.

- NERSA to communicate their decision of the tariff applications of municipalities by 5 May annually – it was amended to 11 May 2026.

If a municipality does not submit their electricity tariffs application by 31 March 2026, they run the risk of not tariff increase being approved.

For purposes of meaningful public participation, NERSA is directed to publish every municipal electricity tariff application along with its cost of supply study for that particular financial year, in a manner that makes it accessible to the public, provided that, where a municipal electricity tariff application does not include a cost of supply study for the financial year, NERSA must specifically state the absence of such costs of supply study. NERSA is directed to finalise the process of considering the municipal electricity tariff applications timeously received and communicate its decisions on or before 11 May 2026.

BACKGROUND:

In accordance with NERSA's regulatory requirements and the provisions of the Electricity Regulation Act, municipalities are required to conduct a Cost of Supply (CoS) study periodically to ensure that tariffs are cost-reflective and equitable across customer categories.

Midvaal Local Municipality completed a comprehensive Cost of Supply (CoS) study during the 2024/25 financial year, which has subsequently been updated and reviewed during the 2025/26 financial year to reflect current cost drivers and tariff requirements. The outcomes of the study remain valid for a period of five (5) years and continue to inform tariff determinations over the medium term.

DISCUSSION:

The CoS study identified the actual cost to serve different consumer categories and guided the equitable allocation of costs, in line with NERSA's guidelines. Key considerations included:

- Recovery of operational and capital costs.
- Cross-subsidisation balance between customer groups.
- Infrastructure investment needs.
- Compliance with regulatory frameworks.

For the 2025/26 financial year, the Cost of Supply (CoS) study recommended an electricity tariff increase of approximately 19% to achieve full cost reflectivity. However, following a recent update of the CoS model during the 2025/26 financial year, the revised cost-reflective tariff requirement has increased to 21.9%.

For the 2025/26 financial year, Council approved a tariff increase of 12.7%, which was significantly lower than the cost-reflective level recommended by the CoS study. This resulted in a revenue under-recovery relative to the actual cost of electricity supply.

It is worth noting that the Eskom approved tariff adjustment for 26/27 is 9.01%. The Municipality is proposing a tariff increase of 21.9% considering the benchmark against the Eskom tariff adjustment as well as the outcome of the cost of supply study.

KEY DATES AND MILESTONES – 2026/27 ELECTRICITY TARIFF PROCESS:

- 6 March 2026 – ERSTA Approved.
- 31 March 2026 – Tariff Application Submission to NERSA.
- 31 March – 10 May 2026 – NERSA Assessment and Engagements.
- 11 May 2026 – Court-mandated communication of tariffs.
- 01 July 2026 – Implementation of new tariffs.

FINANCIAL IMPLICATIONS:

Implementation of the approved tariffs is critical to achieving budgeted revenue targets for the electricity division, ensuring long-term financial sustainability and service delivery.

LEGAL IMPLICATIONS:

The proposed 2026/27 electricity tariff determination process complies with applicable legislation, regulatory frameworks and prevailing judicial precedents, including but not limited to the following:

- **Electricity Pricing Policy (EPP), 2008.**
- **Electricity Regulation Act, 2006 (Act 4 of 2006), as amended.**
- **Municipal Finance Management Act, 2003 (Act 56 of 2003).**
- **Municipal Systems Act, 2000 (Act 32 of 2000).**
- **Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) (PAJA).**
- NERSA Tariff Approval Framework and Guidelines.
- Cost of Supply (CoS) Methodology Guidelines.

JUDGEMENTS AND CASE LAW:

Recent judicial decisions and regulatory determinations have reinforced the following principles, which have been duly considered in the preparation of the proposed tariffs:

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- **2020 Judgements:** Courts and regulatory decisions have confirmed that the use of arbitrary guidelines or benchmarking approaches, without a substantiated Cost of Supply basis, is unlawful. Tariff determinations must be supported by empirical cost data and defensible methodologies.
- **2024 Judgements:** Case law has affirmed that a **Cost of Supply study is mandatory** for electricity tariff applications submitted to NERSA, and that such studies form the cornerstone of lawful, rational and cost-reflective tariff setting.
- **2025 Judgements:** Courts have emphasised the requirement for **adequate and meaningful public consultation**, confirming that tariff-setting processes constitute administrative action and must therefore comply with the procedural fairness requirements of **PAJA**, including transparency, reasonableness and opportunity for public participation.

CONCLUSION:

The Municipality's tariff determination process, including reliance on a valid Cost of Supply study, benchmarking against Eskom-approved increases, phased recovery of under-recovered costs, and compliance with prescribed public participation processes, is consistent with these legal principles and judicial precedents.

ATTACHMENTS:

Annexure "A":

Approved Cost of Supply (CoS) Study (2024/25) – Executive Summary and Key Findings.

Annexure "B":

Updated Cost of Supply (CoS) Study (2024/25) – Executive Summary and Key Findings.

Annexure "C":

Approved 2025/26 Electricity Tariff Schedule.

Annexure "D":

Eskom approved Tariff.

**COMMENTS: MEETING OF THE MUNICIPAL MANAGER AND HEADS OF
DEPARTMENT: 16 MARCH 2026**

Resolved to Recommend

The Item is supported and referred to the Section 80 Engineering Services Portfolio Committee.

**COMMENTS: SPECIAL SECTION 80 ENGINEERING SERVICES PORTFOLIO
COMMITTEE: 19 MARCH 2026**

The recommendations are supported.

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Annexure "A"

Revenue Requirement

Cost Functionalisation

Cost Classification

Cost Allocation

Rate Design

Calculate

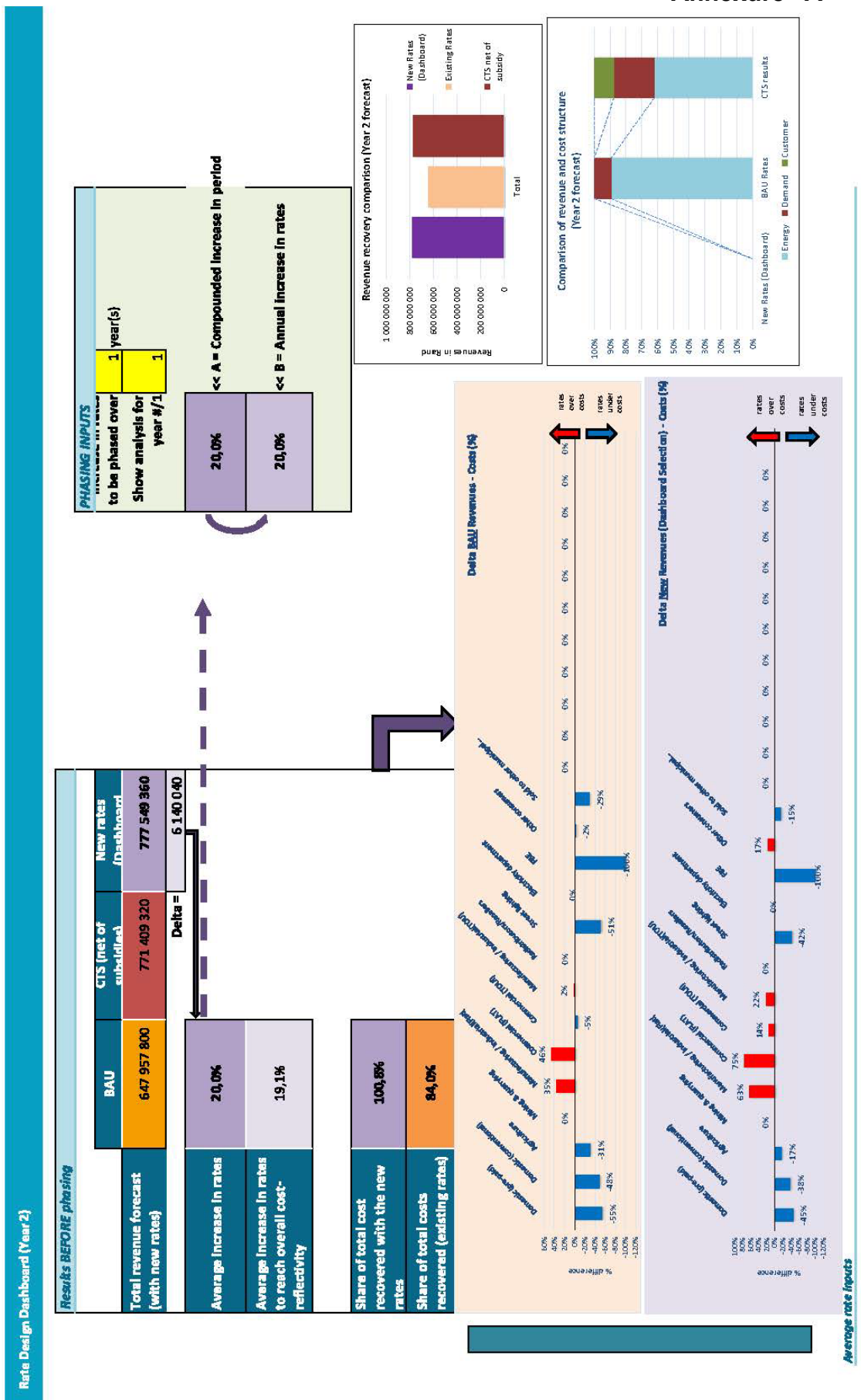
Map

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New sheet >

Rate Design Dashboard (Year 2)

This sheet compares the Business As Usual and the Cost To Serve results and help the user fine list the results.



Midvaal Local Municipality Cost of Supply Study Report



1. Introduction

A critical first step in understanding the operational performance of an electricity distributor is to conduct a Cost of Service (COS) study and sometimes referred to as a Cost to Serve (CTS) study. The objective of this study is to fairly and equitably allocate all costs associated with servicing customers among different customer classes. To support this objective, the National Energy Regulator of South Africa (NERSA) has developed a COS Framework for all licensed electricity distributors ('licensees'), in the country. This framework will serve as a guideline for licensees when conducting their own COS studies.

2. Study Area Overview

Midvaal Local Municipality is a Category B municipality found in the South African province of Gauteng, and it has a population of 112254. The total energy sales of the municipality were 201 983 765 kWh in the 2023/24 financial year. In 2023/24 the majority of the electricity sales which accounted for 44% came from Manufacturing/industrial customers followed by 37% came from domestic customers and 14% by commercial customers as informed by the Cost of Supply Study results.

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Table 1 Municipal energy sales per customer category

Consumer classification	Sales (kWh)		Number of customers
	Actual	% Sales	Actual
	2023/24		2023/24
Free Basic Electricity	2 592 550	1,26%	4500
Domestic (pre-paid)	48 394 043	23,66%	16 521
Domestic (Conventional)	6 815 574	13,21%	1563
Agriculture	2 971 010	1,45%	510
Manufacturing/Industrial	89 122 899	43,56%	22
Commercial (pre-paid)	16 131 348	7,88%	683
Commercial (Conventional)	32 134 843	5,83%	478
Other consumers	553 534	0,27%	183
Street lighting	477 277	0,23%	1
Sold to other municipal departments	5 383 239	2,63%	348
Total	201 983 765	100%	20370

3. COS Study Methodology

The Midvaal Local Municipality cost of supply study is a sophisticated study that is inclusive of all requirements of NERSA's current COS framework and also goes beyond it to accommodate electricity distribution businesses transitioning to a more infrastructure availability-based business.

The NERSA Cost Plus methodology has been used for both the wires and retail business revenue requirement determinations. The model has functionality to use the allowable return on the regulated asset base or asset values annuitized at selected discount rates to calculate the revenue requirement of the wires business.

The COS study is a multi-year model spanning across 3 years, namely, the most recent audited financial statement. The years are described as follows:

- Year 0 (FY 23/24) - The data input test year with the recently audited financial statements
- Year 1 (FY 24/25) - The current year in which the study is taking place
- Year 2 (FY 25/26) - The following year for which tariffs are being designed

This multi-year approach introduces several complexities and requires forecasting of costs across years, but it does bring a range of benefits to the analysis.

4. Overview of COS Study Key Results

The following key results were noted from Midvaal Local Municipality's COS study:

Revenue requirement

- The revenue requirement in FY25FY26 is estimated as R775 269 091 (excluding the impact of subsidy), increasing from R673 668 180 in FY24/25;
- The wires costs are dominated by network related costs, namely network repairs and maintenance, depreciation, cost of losses and other OPEX costs;
- With regards to the retail business, the dominant cost in this regard is energy purchases from Eskom; and
- Overall, a greater proportion of total electricity costs are incurred by the retail part of the business (around 86%) whilst 14% of the cost is related to the wires business.

Cost functionalisation

- Energy purchases are significant within the cost breakdown and dominate when compared to other costs such as OPEX and Surplus
- CAPEX costs do not contribute significantly to the overall cost breakdown each year as result of the rate of return for the analysis assumed at 0%.

Cost classification

- Energy purchases and the cost of losses make up the energy driven cost, with the highest amount of costs incurred during the Low Season and standard TOU – mostly due to the low season covering a greater proportion of the year
- Demand driven costs are depreciation, network repairs and maintenance along with energy purchase demand related costs. The period of greatest demand driven costs is during the Low Season
- Finally, customer driven costs are dominated by "Other OPEX" which relates to costs incurred in offering the electricity distribution service to the customers

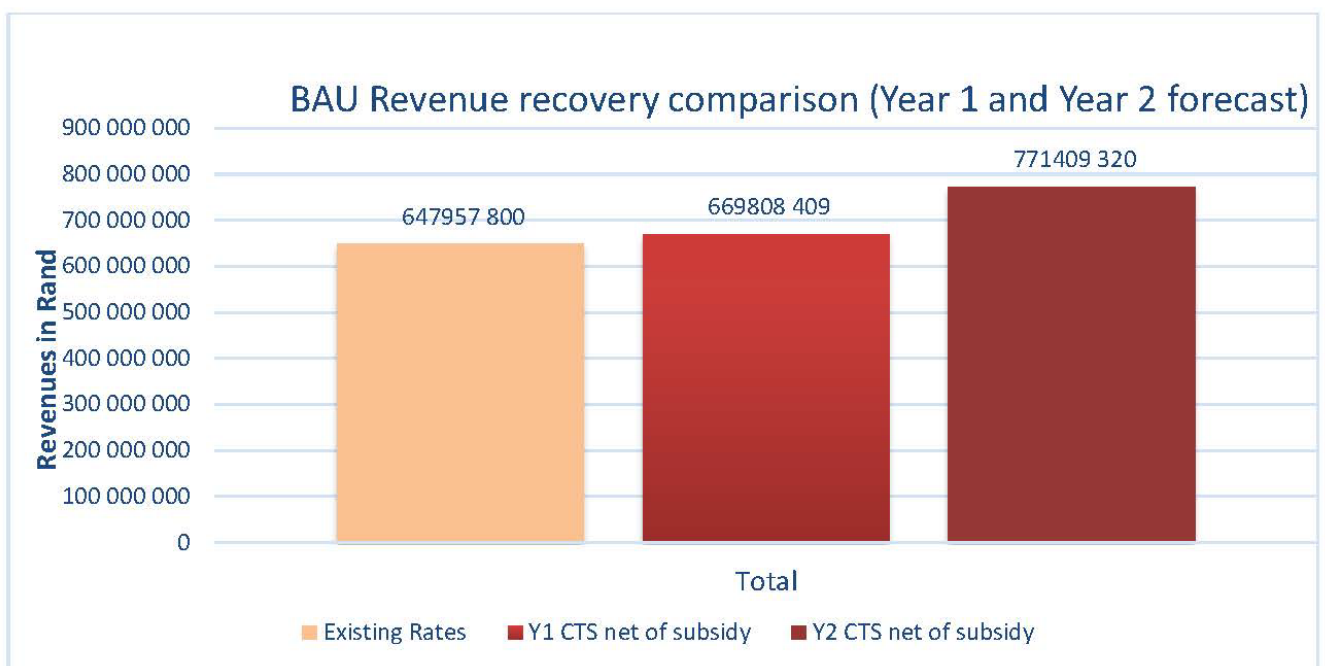
Cost allocation

- The domestic customer category carries the largest proportion of costs, followed by the commercial customers.
 - Industrial customers and internal electricity requirements result in the lowest proportion of costs
 - Differences in results between customer classes are mainly driven by differences in voltage of connection point, load factors, coincidence factors, and average specific consumption.
-

COS results

- Under the current rate regime, it is found that 84% cost reflectivity is achieved for FY24/25
- There is a mismatch between the structure of the revenue breakdown and cost breakdown
- A 19,1% increase with rate structure improvements and refined TOU - pricing signals would make rates cost-reflective

Table 2 BAU revenue comparison (FY25/26 forecast)



5. COS Study Analysis

Energy purchases analysis

The municipality purchases all their energy from Eskom via 8 points of delivery (PODs). The COS model captures the tariffs of each POD as well as the volumes purchased at each intake point.

COS models and revenue forecasts are always sensitive to sales forecasts. The Midvaal Local Municipality COS model assumes D-form sales values for years 0 – 2. Thereafter, sales are assumed to be flat, with a 0% sales increase per year.

Operating expenses analysis

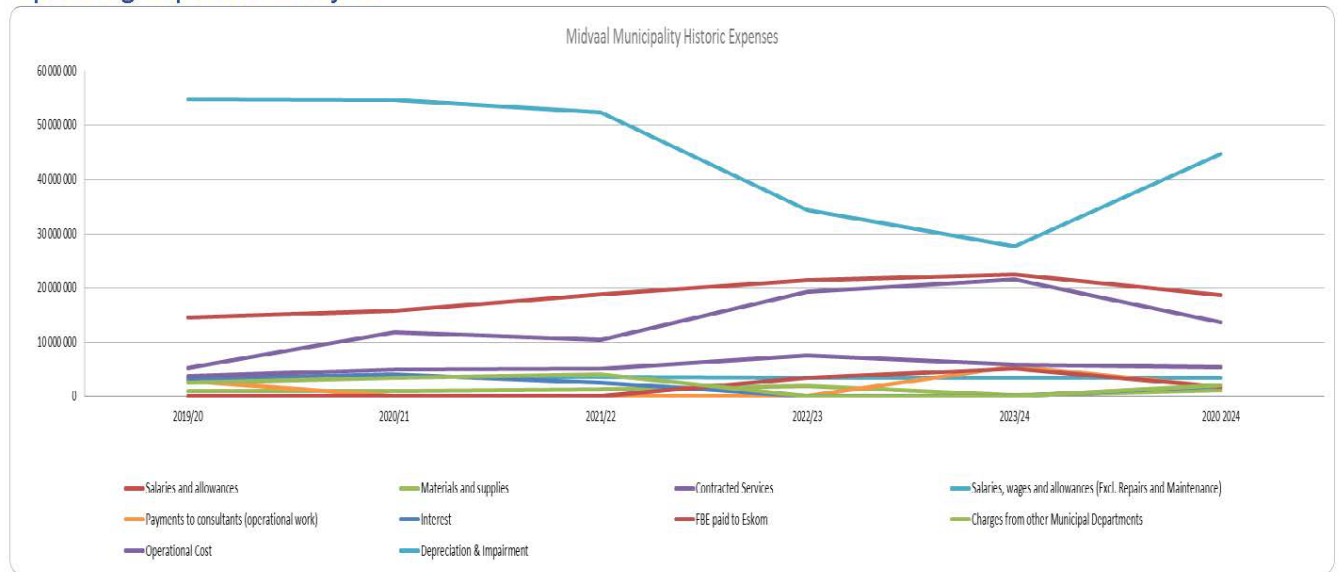


Figure 1 Trend Analysis of D-Form Expenses

When analysing the expenditure over the 5 years, the following observations were made:

- Salaries and allowances have increased gradually, due to strengthening of the electrical section.
 - Materials and supplies have slightly dropped over the years, as the section has invested in advanced technology and continuous employee trainings
 - Contracted services have been increasing over the years,
 - Payments to consultants have been inconsistent over a period of years.
 - FBE paid to Eskom has been gradually increasing as more customers register as indigents over a period of years.
 - Charges from other Municipal Departments slightly consistent over the years.
 - Operational costs have been increasing over the years relatively to the staff requirements.
 - Depreciation and impairment have been recorded over the years and slightly stable, indicating an investment in the electrical infrastructure.
-

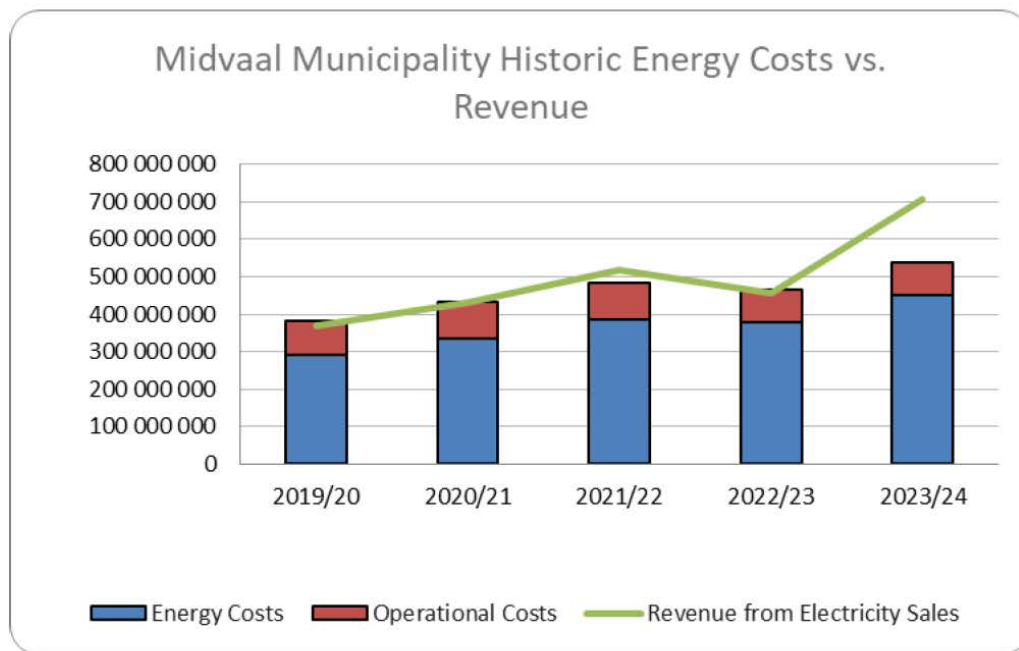


Figure 2 Historic energy costs and revenue comparison

The revenue on the other hand showed the following trend:

- The revenue from electricity sales has steadily increased over the years, reaching a high of R706 948 844.73 in 2023/24. This suggests an increase in the number of customers or an increase in the rate of electricity consumption.
- The revenue growth rate has shown a great increase over the years from 2019 to 2024.
- The revenue from electricity sales has exceeded the expenses, indicating a profit in the electricity sales business.

Overall, the analysis suggests that the cost of electricity purchases has been the main driver of the increase in expenses, while revenue from electricity sales has been steadily increasing, and had a sudden drop in 2022/23. However, a significant increase is shown in 2023/24 in sales which is required to ensure the sustainability of the municipality.

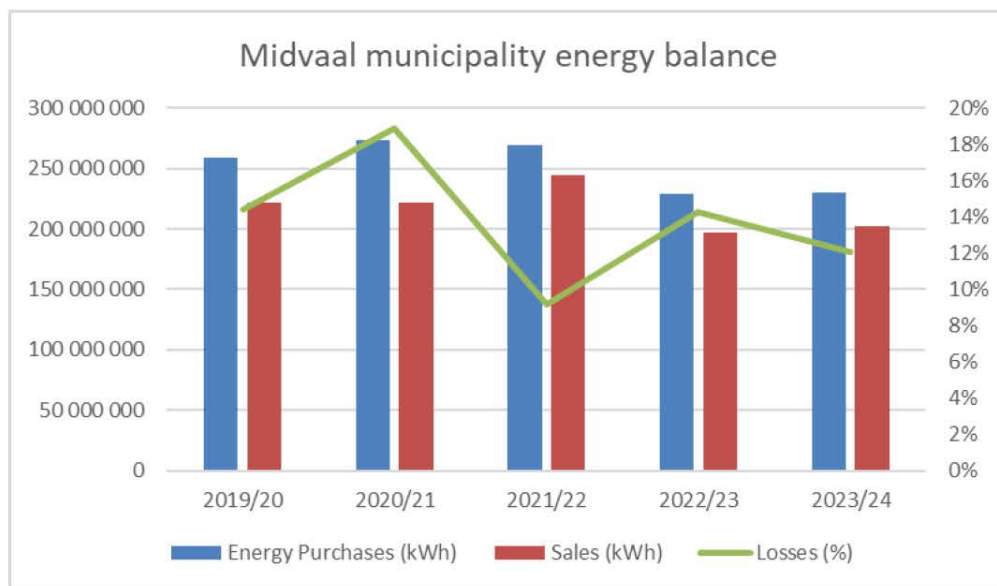


Figure 3 Energy balance and losses

Total energy purchased and total energy sales have remained relatively stable over the years, indicating potential stability in the organization's operations. Energy losses have been inconsistent from over the years. This could suggest potential issues with energy management or technical inefficiencies.

Revenue requirement analysis

Section 3.2.1.1 of the NERSA COS framework deals with the revenue requirement and states that NERSA adopted the Cost-Plus Methodology 'as an interim methodology for implementation by licensees, including small licensees with limited capacity and database challenges. This is because other regulatory methodologies such as the rate of return, price cap, revenue cap, yard stick regulation, will be difficult to implement for a number of reasons, including the fact that licensees might struggle to keep proper accounting and property records, among other reasons. Even though these are historical costs (since the test year for the study was FY24/FY25), it is important to adjust these costs for prudence and efficiency so that when they are allocated to different customers, the allocation results reflect the proper costs. The framework covers the key elements of the revenue requirement including purchases, operating costs, repairs and maintenance, and depreciation and return on assets or interest on loans.

The Figure 4 below offers a breakdown of the revenue requirement based on the various functions which have been established and split between the wires and retail/trading parts of the electricity value chain. The data below is determined based on a forecast for the financial year 2025/26 (FY25/FY26), or Year 2.

Various aspects can be ascertained from the figure. These include:

- The revenue requirement in FY25/FY26 is estimated as R775 269 091 (excluding the impact of subsidy);
- The wires costs are dominated by network related costs, namely network repairs and maintenance, depreciation, cost of losses and other OPEX costs;
- With regards to the retail business, the dominant cost in this regard is energy purchases from Eskom; and
- Overall, a greater proportion of total electricity costs are incurred by the retail part of the business (86%) whilst the costs related to the wires business (14%).

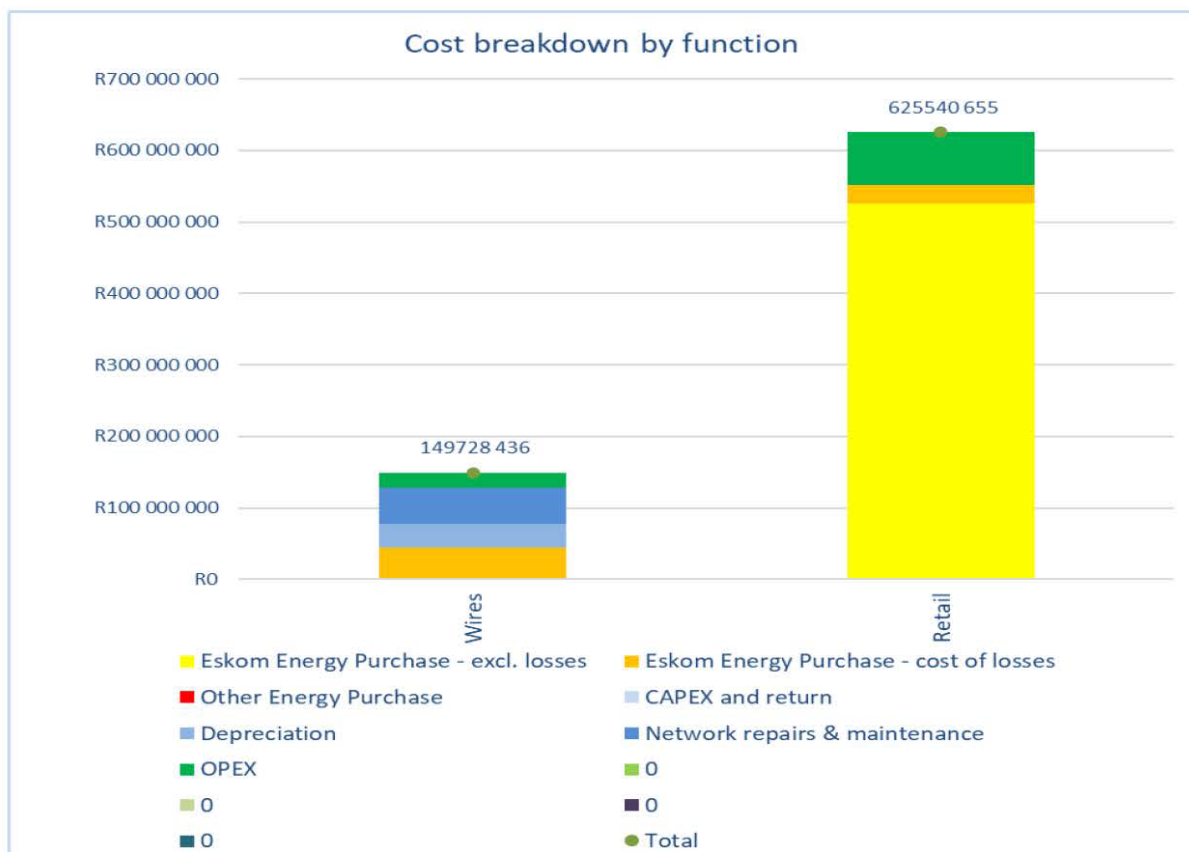


Figure 4 Cost breakdown by function

Energy Purchases

Midvaal Local Municipality has eight incoming electricity supplies from Eskom that it uses for distribution namely M1, Savanna City, Oheinemuri, Grooitvlei and Vaal marina pumps, Sicelo, Graceview, Duncanville and Risiville Eskom 4.

The municipal energy purchases have been adjusted for losses since the COS framework only allows for only 12% of losses as per the benchmark. The municipality's projected losses for the FY25/F26 are 11%. The municipality buys electricity from Eskom and the total energy purchases were projected to be R523 370 748 in FY25/FY26.

The licensee used the purchases for the test period to forecast sales for the financial year that it is applying for. The forecasted purchases include street lighting electricity, own use electricity and the allowable loss factor.

Cost functionalisation, classification, and allocation

The model follows the NERSA COS framework methodology for these methodological steps. Costs are first split into their function, and then classified according to their cost drivers, and finally allocated to the customer categories according to usage. These methodological steps are sound and the key results have been summarised in the previous section.

COS results

The key finding is that the municipality needs to increase its tariffs by 19,1% to achieve full cost-reflectivity.

The municipality's COS results are shown per tariff category in the figure below. The Agriculture customers are most costly to service.

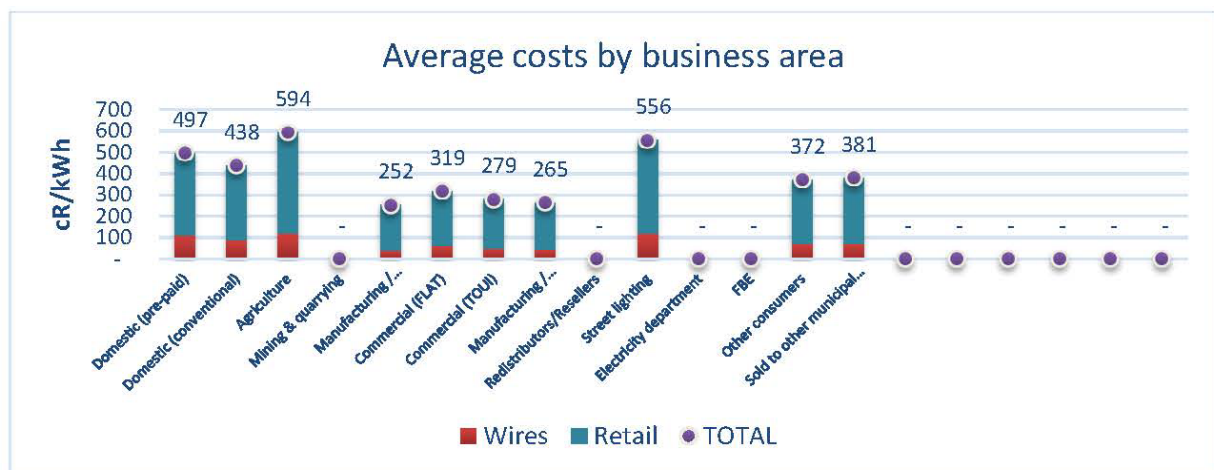


Figure 5 average costs by business area

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

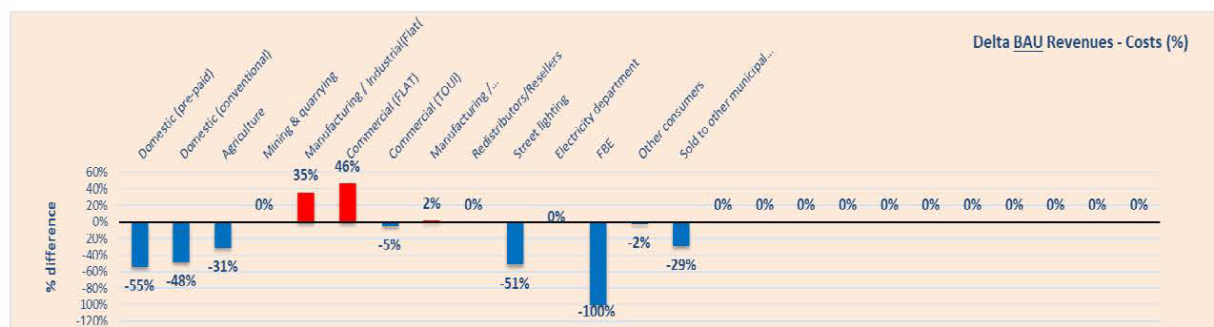


Figure 6 % Over/under recovery of customers

The key insight is that prepaid and agricultural customers are currently receiving electricity services at a price below cost (i.e., being cross-subsidized) while manufacturing/industrial and commercial customers are paying above cost for electricity. Interestingly, all the time-of-use tariffs are close to cost reflectivity.

The business as usual (BAU) rates as shown in graph below indicate that existing tariff structures are not cost reflective. More than 90% of costs are recovered through a variable energy charge and this makes the municipality susceptible to volumetric risk. The cost of supply (CTS) results indicates that to achieve cost reflectivity, the municipality must recover not less than 60% of their costs through variable energy charges, the remainder of costs through stable or fixed demand and customer charges. As the uptake of distributed generation increases in electricity distribution networks, a more cost reflective approach to setting tariffs is proposed.

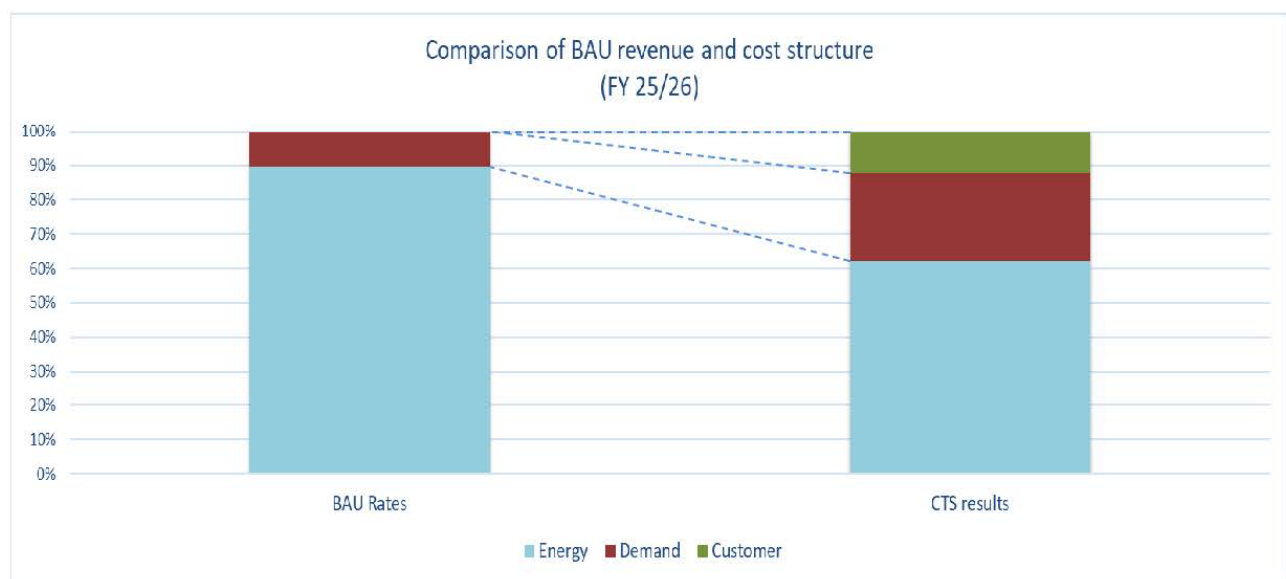


Figure 7 Comparison of revenue and cost structure

The cost reflective charges are shown in table below. These are results of the cost of supply study and indicate what the municipality should be charging customers to recover 100% of their revenue. However, due South Africa's socio-economic conditions and the municipality's revenue recovery strategy, the municipality may deviate from these cost reflective tariffs in the tariff design stage of the cost of supply study. Rate design is discussed in the next section and may deviate from these results based on the municipality's maximum tolerable tariff increase, subsidy policy, price signals, tariff design choices etc.

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Table 3 Cost reflective results by business area, class, season, TOU

Business area:	Total	Total	Total
Cost class:	Energy	Demand	Customer
Season:	All	All	All
TOU:	All	All	All
Unit:	c/kWh	R/kVA/month	R/POD/month

Customer Categories			
Domestic (pre-paid)	246	315	246
Domestic (conventional)	246	362	328
Agriculture	196	218	1 557
Manufacturing / Industrial(Flat(	196	223	1 557
Commercial (FLAT)	205	232	410
Commercial (TOU)	205	237	492
Manufacturing / Industrial(TOU)	205	239	492
Street lighting	246	331	574
Other consumers	246	319	246
Sold to other municipal departments	246	319	492

5. Rate design

Municipal tariff setting is guided by Municipal Tariff Policy which is developed with reference to various pieces of legislation, but in particular Sections 4 and 74 of the Municipal Systems Act (32 of 2000) and the National Electricity Pricing Policy (2008), which also outlines the General Tariff Principles as set out in S16 of the Electricity Regulation Act of 2006. The regulatory framework on tariffs seeks to balance the often competing or contradictory tariff principles of revenue sufficiency, economic efficiency, equity, fairness and simplicity.

The COS is an important, but not deterministic, input to tariff design. It enables a municipality (and the Regulator) to assess:

- a. Revenue sufficiency of proposed tariffs and the financial sustainability of the utility.
- b. That tariffs reflect the costs associated with rendering the services and those customers are treated equitably and pay in general proportion to use of services.

- c. The reasonableness of the low-income tariff determination in line with guiding policy: including access to a free basic service plus lifeline tariff based on operation and maintenance only.
- d. Whether environmental objectives are being encouraged; and
- e. The transparency of subsidies and surcharges.

6. Key Assumptions

This section of the report outlines key assumptions that were made in the development of this Cost of Supply study. These assumptions were essential due to granular data unavailability and lack of clear planning approaches in the municipality. These assumptions are as follows:

- The energy forecasts were estimated using D-form sales for years 0 – 2 and there after there was no increase in sales.
 - The D-Form expenses will increase based on the projected values in the D-form, thereafter no increase was assumed.
 - The Eskom bulk purchase energy price was assumed to increase year by year and the increment for year 2 (2025/26) is kept at 12,7%
 - For customers with an inclining block tariff, the block 2 tariff was used as the test year input. The model is unable to cater for inclining block tariff inputs.
 - For customers with multiple tariffs within a single customer category, an average tariff across the individual tariffs was used as an input into the model.
 - The actual municipal energy losses for FY2023/24 were 12% however, energy losses were capped at 12% as per the COS framework.
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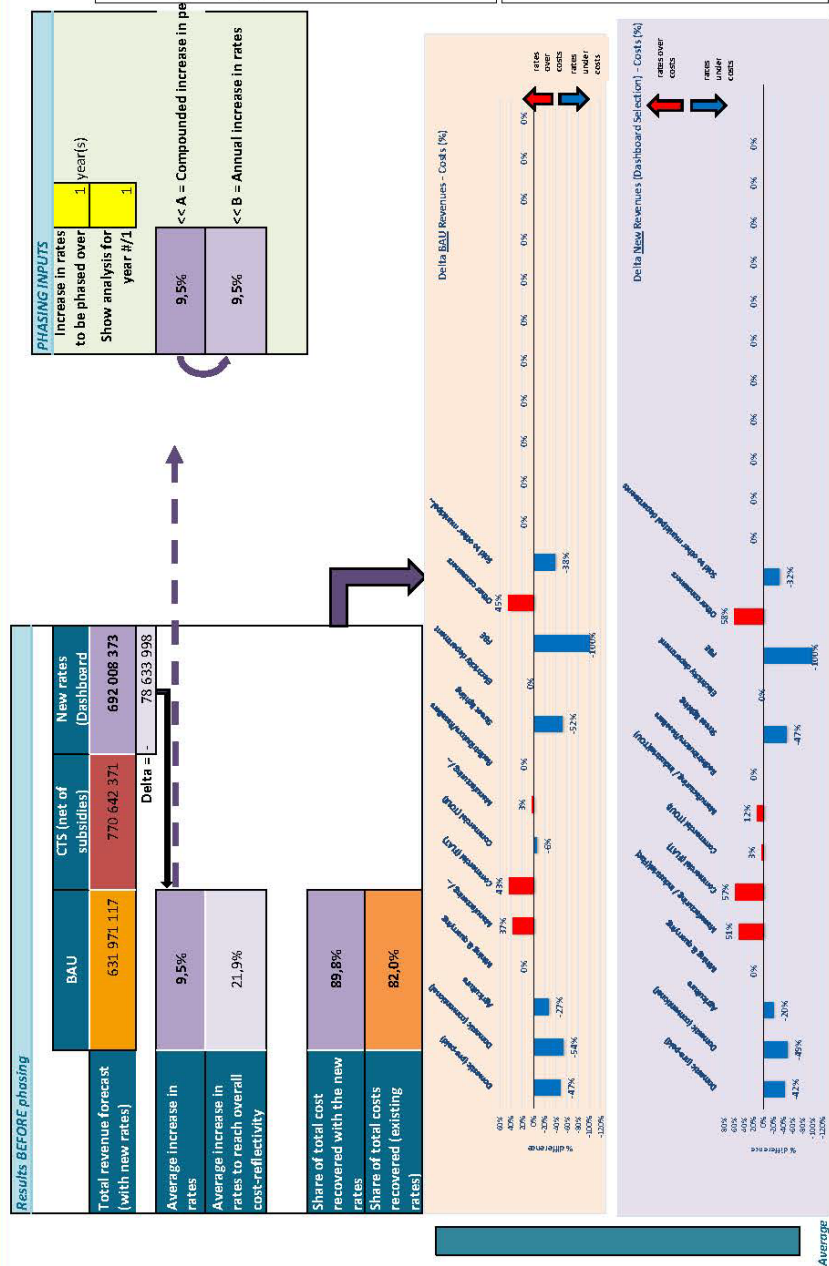
Annexure “B”



Rate Design Dashboard (Year 2)

This sheet compares the Business As Usual and the Cost To Serve results and helps the user fine-tune tariffs.

Rate Design Dashboard (Year 2)



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Annexure “C”



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Ref: NER/D/AECI

Mr Phumudzo Magodi
The Municipal Manager
Midvaal Local Municipality
P O Box 9
Meyerton
1960

Per Email: MM@midvaal.gov.za
Cc: ngobanin@midvaal.gov.za

Dear Mr Magodi

ELECTRICITY TARIFFS FOR THE PERIOD 1 JULY 2025 – 30 JUNE 2026

1. Your application dated 30 April 2025 refers.
2. The Energy Regulator at its meeting held on 18 June 2025 considered your Cost of Supply based application for a tariff increase for the period 1 July 2025 - 30 June 2026 and approved the tariffs as follows:

2.1 TARIFFS

1. Private residences, each flat or town house where it is separately metered by council and used as such. EEL051, VAO460, WAO441, EELLOW	c/kWh
Block 1(0-50kwh)	198,06
Block 2 (51 – 350kwh)	254,64
Block 3 (351 – 600kwh)	349,20
Block 4 (>600)	406,31

Regulator Members:

Mr T Bukula (Chairperson) Ms Z Mpungose (Deputy Chairperson) *Adv NP Sithole (Chief Executive Officer)
*Ms N Maseti *Mr MW Mkhize Ms T Semane Mr FK Sibanda Ms PN Sibiyi
*Full-Time Regulator Members

NERSA is a Regulatory Authority established in terms of the National Energy Regulator Act, 2004 (Act No 40 of 2004)

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2. Commercial Prepaid/Conventional	c/kWh
Energy Charge (c/kWh)	426,31

4. Charitable Institutions/Provincial Hospitals/ Churches and Church Halls	c/kWh
Energy Charge (c/kWh)	409,80

5. Flat and Townhouse complexes	c/kWh
Energy Charge (c/kWh)	428,53

6. General lighting	
Basic Charge (R/M)	1129,72
Energy Charge (c/kWh)	711,85

7. Municipal suppliers	c/kWh
Energy Charge (c/kWh)	304,19

8. Agriculture Single Phase	c/kWh
Energy Charge (c/kWh)	460,77

9. Agriculture Nightsave	c/kWh
Energy Charge (c/kWh) (22:00-06:00)	225,35
Energy Charge (c/kWh) (06:00-22:00)	460,92

10. Industrial Bulk supply low voltage	
Energy Charge (c/kWh)	313,70
Demand Charge (R/KVA)	283,61

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11. Bulk Supply - medium voltage	
Energy Charge (c/kWh)	315,92
Demand Charge (R/KVA)	277,46

12. Off-peak Tariff Low Voltage	
Energy Charge (c/kWh)	195,75
Demand Charge (R/KVA)	613,25

13. Off-peak Tariff Medium Voltage	
Energy Charge (c/kWh)	195,75
Demand Charge (R/KVA)	584,10

14. Megaflex	
High Season off peak c/kwh	178,40
High Season standard c/kwh	294,76
High Season peak c/kwh	711,85
Low Season off peak c/kwh	166,67
Low Season Standard c/kwh	211,74
Low Season peak c/kwh	471,86
Reactive Energy c/kVArh	88,47
Demand Charge (R/KVA)	186,39

14. Miniflex	
High Season off peak c/kwh	189,18
High Season standard c/kwh	353,30
High Season peak c/kwh	1053,61
Low Season off peak c/kwh	164,29
Low Season Standard c/kwh	261,41

AGENDA OF THE 3RD ORDINARY MEETING OF 2026 TO BE HELD ON THURSDAY,
26 MARCH 2026 AT 14:00 IN THE COUNCIL CHAMBERS

Low Season peak c/kwh	519,42
Reactive Energy c/kVArh	69,70

3. The Energy Regulator further directs as follows:

- 3.1 The municipality to submit a report accounting for all the costs that have been noted for 2024/25 financial year, to enable the Regulator to perform its independent verification by 28 November 2025.
 - 3.2 All cost information submitted by the municipality will be subject to an independent verification and may be clawed back upon receipt of audited financial figures by the Regulator by 28 November 2025.
 - 3.3 The licensee is required to restructure its electricity tariffs to align with Eskom's new plan, which includes changes to tariff structures.
 - 3.4 The Municipality must submit to NERSA a report on Specific, Measurable, Achievable, Realistic and Time bound (S-M-A-R-T) energy losses reduction plan which will ensure that energy losses are reduced. An appropriate budget needs to be allocated and spent in support of this. The implementation of this plan, together with its budget must be monitored on a quarterly basis and reported to NERSA bi-annually commencing 31 October 2025.
4. Please note that in terms of the National Energy Regulator Act, 2004 (Act No. 40 of 2004), National Energy Regulator is entrusted to perform all the functions that the National Electricity Regulator used to perform, and amongst others, to review and approve tariff increase proposals by all licensed distributors of electricity in South Africa. Implementation of tariffs without approval of the Energy Regulator is a contravention of the license conditions issued to you.
5. It is therefore important that provision is made in your planning / budgeting cycle to allow time for the submission of applications for future changes or increases to NERSA for consideration. NERSA further requests that you submit your budgetary timelines for purposes of our planning.
6. Should you have any enquiries please do not hesitate to contact Mr Rhulani Mathebula on (012) 401 4616 or email: Rhulani.Mathebula@nersa.org.za.

Yours sincerely

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Advocate Nomalanga Sithole

Chief Executive Officer

Date: 28 June 2025

Annexure “D”

Customer Category	Average Increase
Total Standard Tariffs	8.76%
Municipal - 1 July 2026	9.01%
Municflex	9.01%
Municrate	9.01%
Publiclighting	9.01%
Gen-Wheeling, Gen-offset, Gen-Purchase	9.01%
Eskom Direct Customers	
Key Industrial and urban: Megaflex, Miniflex, Nighsave Urban, WEPS, Megaflex Gen, Gen-Wheeling, Gen-offset, Gen-Purchase	8.76%
Other Urban: Businessrate, Public Lighting	8.76%
Rural: Ruralflex, Nighsave Rural, Landrate, Landlight, Ruralflex Gen, Gen-Wheeling, Gen-Offset, Gen-purchase	8.76%
Homelight 20A	8.76%
Homelight 60A	8.76%
Homepower	8.76%
Homeflex	8.76%
Gen-offset Homeflex	8.76%