

EXTRACT SPECIAL COUNCIL MINUTES: 18 MARCH 2026

UNANIMOUSLY RESOLVED

Item A57/18/03/2026

1. that Council take cognisance of the Draft Electricity Tariffs for the 2026/2027 financial year, as per the attached tariff schedule;
2. that it be approved that the draft electricity tariffs be published on the Municipality's website and social media for public comment;
3. that Council take note of the attached Electricity Cost of Supply Study that informed the development of the draft tariffs;
4. that Council take note of the attached correspondence received from the National Energy Regulator of South Africa (NERSA) regarding the revised municipal electricity tariff application process and timelines for the 2026/2027 financial year; and
5. that Council note that the full electricity tariff application will be submitted together with the 2026/2027 budget documentation to be tabled to Council on 31 March 2026.

Item number A57. 18.03.2026

ELECTRICITY TARIFFS 2026/2027 DRAFT

Report of the Director: Finance: Ms Elmarie Wassermann

Department Finance

Division Revenue

File Number 5/5/2/2

PURPOSE OF REPORT

For Council to take cognisance of the Draft Electricity Tariffs for the 2026/2027 financial year, as set out in the attached tariff schedule, which will be published for public comment on the Municipality's website and social media.

Council to note the attached Electricity Cost of Supply Study, the attached proposed NERSA tariff application and its contents;

Council to take note of the attached correspondence received from the National Energy Regulator of South Africa (NERSA) regarding the revised municipal electricity tariff application process and timelines for the 2026/2027 financial year

FACTS AND BACKGROUND

The Municipality is required in terms of applicable legislation to annually review and submit electricity tariffs to the National Energy Regulator of South Africa (NERSA) for approval. The Draft Electricity Tariffs for the 2026/2027 financial year have been prepared as part of the municipal budget process and are informed by a comprehensive Electricity Cost of Supply Study. The Afriforum/NERSA court case amended the timeline for electricity tariffs as per the Local Government: Municipal Finance Management Act, 2003. Though the instruction from NERSA as per their court interpretation is challenged, the Municipality will proceed by undertaking a two-phased public participation, with the first public participation process concluding on 30 March and the second undertaken in April as per normal procedure.

DISCUSSION

The Draft Electricity Tariffs for the 2026/2027 financial year, as detailed in the attached tariff schedule, have been compiled in accordance with applicable legislative and regulatory requirements and are informed by the Municipality's Electricity Cost of Supply Study and are attached as **Annexure A**.

The proposed NERSA tariff application, will, set out the motivation, tariff restructuring, phased implementation approach and average price increase applicable for the 2026/2027 financial year, based on the outcomes of the Cost of Supply Study and the anticipated Eskom bulk tariff increases.

Council is further referred to the correspondence attached as **Annexure B** received from the National Energy Regulator of South Africa (NERSA), dated 9 March 2026, which provides

notification of the revised municipal electricity tariff determination timelines applicable to the 2026/2027 financial year, following a court judgment and the approval of Eskom's Retail Tariff Structural Adjustment (ERTSA).

The draft tariffs are proposed to be published on the Municipality's official website and social media for public comment as part of the budget consultation and public participation process.

The full electricity tariff application, inclusive of all prescribed supporting documentation, will be submitted together with the remaining 2026/2027 budget documents, which are scheduled to be tabled to Council on 31 March 2026, in line with the revised timelines communicated by NERSA.

LEGAL IMPLICATIONS

The process complies with the Municipal Finance Management Act, applicable regulations and NERSA requirements.

FINANCIAL IMPLICATIONS

The proposed electricity tariff adjustment, derived from the municipality's cost-of-supply study, amounts to 9.22%. This increase will be introduced alongside a gradual transition to a revised tariff structure for electricity consumers.

The public participation process will be done in two phases, with the first consultation phase to be concluded on 30 March 2026 and the second conducted in April 2026, following the tabling of the draft budget to the Council on 31 March 2026.

The proposed tariffs are designed to be revenue neutral and cost reflective, based on the Cost of Supply Study.

PERSONNEL IMPLICATIONS

None

COMMUNICATION IMPLICATIONS

Draft tariffs will be published on the municipal website for public comment.

RECOMMENDED

That Council:

1. takes cognisance of the Draft Electricity Tariffs for the 2026/2027 financial year, as per the attached tariff schedule;
2. notes that the draft tariffs will be published on the Municipality's website and social media for public comment;
3. notes the attached Electricity Cost of Supply Study that informed the development of the draft tariffs;
4. notes the attached proposed NERSA tariff application and its contents;
5. notes the attached correspondence received from the National Energy Regulator of South Africa (NERSA) regarding the revised municipal electricity tariff application process and timelines for the 2026/2027 financial year; and
6. notes that the full electricity tariff application will be submitted together with the 2026/2027 budget documentation to be tabled to Council on 31 March 2026.